# SKENATIONAL UNDERWRITE Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago. 30 c a copy January 27

The National Weekly Newspaper of Fire and Casualty Insurance

\$7.50 a Year

65th Year, No. 4

# Seen Ahead In 1961

Auto Improves Slightly, And Insurers Hope For **Fewer Catastrophes** 

By KENNETH O. FORCE

What's ahead in 1961 in the way of losses is, of course, unpredictablethough after the catastrophes that occurred last year on land, on sea, and in the air, there is hope that the fire and casualty business will fare better and sustain fewer of these super-

Regular fire business, it is hoped, will improve. Automobile business already is better. While auto PHD worsened slightly, auto liability for some of the large writers of it was markedly better for 1960 than for 1959. and a few insurers were astounded to find they were in the black at year end. No one is dancing up and down at these results since auto liability continues and is likely to go on continuing to be the largest, most complex, and most troublesome of all insurance

What is more certainly predictable (CONTINUED ON PAGE 23)

#### Union's Statement On Election Withdrawal At American Branch

Following the withdrawal of its petition to the National Labor Relations Board to call an election of adjusters at American's Chicago branch office, Local 66 Building Service Employes International Union AFL-CIO, has issued the following statement through its representative, John Dwy-

of various companies first approached Allied Service Local 66 about a year ago, we assured them that we would provide the legal and organizational aid needed to set up labor boardsupervised secret ballot elections for purposes of collective bargaining.

"This we have accomplished, as shown in the present case of American Ins. Co. It is now left to the employes of claim offices throughout the Chicago area to rid themselves of ap-prehension and caution, in view of our excellent confidential safeguards, in order to derive full benefit from their personal right to a secret ballot choice, and the subsequent collective bargaining of their individual needs.

'In view of this existing alternative to present job conditions, claims employes are now responsible for inadequate salary levels, job insecurity, and the lack of grievance procedures. Claims employes, and all employes, have a voice in these matters, and we are here to aid them in expressing themselves.

It is understood that the union's reason for deciding against balloting at

# **FUA Members Told**

The big event in the farm business in 1961 will be the introduction of a farmowners policy, members of Farm Underwriters Assn. were told at their 40th annual meeting in Chicago by President H. K. Scott, Aetna Fire, who was reelected.

Other officers of FUA are: Vicepresident, J. R. Munson, Home, and secretary-treasurer, Kenneth S. Ogilvie. Western Actuarial Bureau.

Mr. Scott said in his report that the farmowners policy is "designed for the farmer who has pride of ownership." It combines coverages that may have been purchased under separate policies and puts them into one contract at a "much reduced cost."

The managing committee observed in its report that the farmowners policy is the most time-consuming project ever undertaken by FUA. But now the policy and the forms, rules and rating formula are completed and should be ready for filing in a few selected states shortly.

The committee also commented on its conferences with agents, noting that three were conducted in 1960, the fifth year of this program. The largest gathering was at Chicago in April with the rural agents of Midwest Territorial Conference of NAIA. The agents presented an agenda which by the time of the FUA annual meeting had been disposed of entirely and the agents notified of all action taken. These conferences, the committee reported, have gotten across the company side of controversial problems to leading farm agents. The meetings have been an excellent internal public relations function.

# Kefauver Rate Bill er: "When interested claims employes Has Stiff Advisory **Group Regulation**

Sen. Kefauver has introduced a rate regulatory bill which is substantially the same as the so-called "model" bill that Sen. O'Mahoney introduced last year. Senators Morse and Bible are cosponsors of the newly introduced measure.

Under the bill rates and forms would not require prior approval. They would become effective upon filing. Insurers, bureau and non-bureau alike, could file independently. The bill would abolish the present requirement of the District of Columbia law which requires insurers to be members of the rating bureau. Rate differences presently can only be accomplished by deviation.

In a memorandum accompanying the bill, Sen. Kefauver strongly emphasizes the section that would subject at the meeting. (CONTINUED ON PAGE 8)

this time was NLRB's decision to include inside female adjusters in what is termed the voting unit.

# Substandard Risks

Allstate has formed a subsidiary to provide auto insurance for drivers who don't qualify for normal underwriting. The new company is National Emblem. Sales have begun in Michigan, California and Illinois, National Emblem operations will be expanded to other states in the near future. The company has a capital and surplus of \$1 million.

"National Emblem is a major step to do something more for responsible motorists who happen to be in groups which have had statistically poor accident experience," President Judson Branch of Allstate said. The company will offer a package policy with adequate limits of liability protection, as well as medical payments and uninsured motorists insurance. Physical damage coverages will also be avail-

#### State Farm, Nationwide Doing Same

Recently State Farm Mutual Auto announced it would handle over-age and under-25 drivers in a "standard plan" in State Farm Fire & Casualty. In Texas it is writing these risks in a new affiliate, State Farm County Mutual (more standard company-county mutual tie-ins may be expected). Nationwide Mutual accomplishes same results on so-called substandard business in Nationwide General.

#### Serve Two Purposes

These new running mates of the largest auto companies serve two purposes-they allow a selective writer to assume risks that don't qualify for the lower rate of the principal company, and they permit the agent of the direct writer to handle a much wider market, taking new business that he would otherwise have to reject or broker on the side and keeping risks that, because of a youngster reaching driving age, he would have to lose.

# More Competition, Farmowners Policy Allstate Forms Insurer Security Wins Bout Mergers, O'Mahoney To Be Filed This Year, To Write Statistically For New Amsterdam; Gengras Chairman

#### N. Y. Insurer Management Reorganized; Home Merger Rejected By Wide Margin

Security of New Haven gained control of New Amsterdam Casualty at the latter's special stockholders' meeting last week in New York, at which a proposal to merge the company with Home was defeated. E. Clayton Gengras, president of Security, was elected chairman and chief executive officer of New Amsterdam Casualty to succeed J. Arthur Nelson, who resigned in the management reorganization which involved the election of 16 new directors. C. Sewell Weech continues as president and a director of New Am-

sterdam Casualty.

The Security interests led by Mr. Gengras and George F. Huber Sr., Wilmington, Del., holder of a large block of New Amsterdam Casualty. defeated the Home merger proposal by a vote of 255,385 to 220,581. Approval the Home deal required a twothirds vote of the 500,000 outstanding shares of New Amsterdam Casualty.

#### Would Consider Combining Insurers

Mr. Gengras, who owns 43.5% of Security, has stated that he directly owns about 40,000 shares of New Amsterdam Casualty and that corporations with which he is associated own another 70,000 shares. He indicated that after a complete reorganization, the directors would consider combining New Amsterdam Casualty and Security.

Named as a director of New Amsterdam Casualty in addition to Mr. Gengras and Mr. Huber was P. Warren Smith, chairman of Founders of Los Angeles, president of Fire & Casualty (CONTINUED ON PAGE 8)

George Senn, assistant secretary of Yorkshire, center, receives an engraved silver tray at a dinner meeting in New York of the Reins Club, which is comprised of reinsurance men. The presentation was made by Harry J. Moles of Pilcer & Frank, reinsurance intermediaries. Alan O. Robinson, president of Yorkshire, and James Strain. vice-president, were guests

The tray was in recognition of Mr. Senn's years of service to the Reins Club. He is the first member to receive the award. The only active charter member of the club, which was founded in 1934, Mr. Senn has been secretary, treasurer and president.



Jan

# Analyzes Insurer Liquidations And What Can Be Done To Reduce Them

companies is no longer an individual state matter but is of great interest to the federal government and its desire to find an appropriate solution to the problem of maintaining competition, Archie J. Nichols, associate professor of insurance at Butler University, told the annual meeting of American Assn. of University Teachers of Insurance at St. Louis. Mr. Nichols discussed the liquidation of insurers in Pennsylvania.

#### Recent Senate Report

In a recent report the Senate antitrust and monopoly subcommittee reviewed the entire field of licensing, entry, mergers, and liquidations to determine the effects of these activities upon the competitive environment of the insurance business. The committee was disturbed with the rate of liqui-

#### Suspend All License Exams In Indiana

In one of his first acts as Indiana commissioner, Harry E. McClain has suspended all licensing examinations during the reorganization of the examining procedure. A more comprehensive examination program is contemplated and companies and agents will be notified when the new examination program is ready for operation and examinations again will be conducted. Applications should be with-held until the new program is inaugurated.

Mr. McClain is striking at one of the hot issues in Indiana insurance. Complaints about both fire-casualty and life insurance new agents and the examining procedure date back for years. Mr. McClain states in his memorandum tht it is a company's responsibility to secure competent and quali-fied persons to represent it and it is the responsibility of the department to conduct proper examinations to determine these qualifications.

#### The Mockery Stage

"The examination system for agent licensing in the state of Indiana has reached the stage where it is a mockery," the memorandum says. "As now constituted and conducted it provides little or no protection to or for the insuring public. Hundreds of individuals are being licensed by the department each month with little thought to the character of these individuals or their knowledge of the business of insurance."

At the last annual meeting of Indiana Assn. of Insurance Agents, Mr. McClain responded to the usual complaint from the members about licensing procedures that the department already was supplied with sufficient authority to produce most of what was needed, but it would take a strong ad-

#### **Hugh Mills Named** W. Va. Commissioner

Hugh Mills has been appointed insurance commissioner of West Virginia succeeding C. Judson Pearson, who has gone with American Life Convention. Mr. Mills was West Virginia commissioner in 1952-53 and also served as deputy under Commissioner Robert Crichton.

The problem of liquidating defunct dations in Texas, Pennsylvania, and Alabama.

> states by regulatory officials as individual cases rather than as a problem study, he said. concerning the entire business and the policyholder public, Mr. Nichols observed. Individually court appointed receivers handle the entire liquidation process and are accountable only to the court of proper jurisdiction. This method tends to minimize publicity of failures, and information concerning individual company matters is not made available to the other state insurance departments.

#### Statutory Liquidators

Only six states have statutes that require the commissioner to act in the exclusive capacity of statutory liquidator for defunct insurers-California, Illinois, New Jersey, New York, Pennsylvania, and Texas. They maintain liquidation divisions or bureaus on a

liquidations and the procedure used in the performance of this function. In addition, he developed recommendations designed to aid in minimizing the liquidation process and suggested remedies that might reduce the number of liquidations.

Pennsylvania is typical of states

which maintain a systematic procedure labama. in liquidating defunct insurers. Also,
Insurer failures are treated in most several liquidation divisions of other states refused to cooperate with his

The paucity of written material made it necessary to cull through all of the original documents of each defunct insurer since the inception of the department. In addition, individual and group conferences were held with the executive staff of the liquidation division, insurance department, and the attorney general's staff assigned to the insurance commissioner. In a few cases, Mr. Nichols was able to interview and examine former officers of defunct companies in the process of liquidation and attend hearings held by the liquidator in his office and in the courts. The information was detailed for presentation in the form of a dissertation.

#### Costs Hard To Determine

permanent or temporary basis. True liquidation costs are difficult Mr. Nichols analyzed the functions to ascertain because the liquidator reof the liquidation division and insurtains the discretionary right to alloance department of Pennsylvania in cate expenses that may be assessed to each defunct company's account covering rent, salaries, legal costs, and other expenses. There is strong evidence that expense assessments are effects of problems encountered in the made in accordance with the defunct company's ability to pay. The liquidator's bookkeeping system tends to obscure expenses so that it is impos-

(CONTINUED ON PAGE 20)



SOUTH AND WATER STREETS, BALTIMORE 3 . TELEPHONE SARATOGA 7-3500 27 WILLIAM STREET, NEW YORK 5 . TELEPHONE HANOVER 2-6384

# 1960 Fire Losses Of \$1.1 Billion Set New Record

Fourth Billion Dollar Year In A Row, December Up 5% At \$100 Million

Fire losses in the U.S. in 1960 rose to \$1,107,824,000, the highest dollar amount in history, according to National Board. The 1960 total was 5.8% above the \$1,047,073,000 in 1959 and over the 1958 total of \$1,056,-266,000. In 1960, fire losses exceeded \$1 billion for the fourth consecutive

In December, 1960, the losses were \$101,903,000, an increase of 5.7% over December, 1959. The December, 1960, figure is up by 20.8% over losses for November, 1960. National Board points out that the

record fire loss in the last several years has been due in part to the greater volume of construction and in part to the rise in value of new and existing buildings as a result of inflation. However, the loss of property which burns each year has continued to edge progressively lower in relation to total quality of goods subject to burning, the board notes.

For 1960 and the two preceding years, losses were:

Month	1960	1959	1958
Jan.	92,949,000	112,983,000	99,918,000
Feb.	96,782,000	98,120,000	103,853,000
March	116,365,000	99,610,000	102,722,000
April	98,106,000	90,689,000	99,061,000
May	86,940,000	81,597,000	85,633,000
June	82,829,000	77.867.000	90,048,000
July	82,998,000	82.334,000	80,782,000
August	90,037,000	74,660,000	75,491,000
Sept.	81,845,000	83,027,000	73,303,000
Oct.	92,730,000	71,160,000	73,393,000
Nov.	84,340,000	78,582,000	71,539,000
Dec.	101.903.000	96,444,000	100,523,000
Total	1,107,824,000	1,047,073,000	1,056,266,000

# **Life Company Tells Plans For Fire On Direct Writing Basis**

Stockholders of Commonwealth Life have been advised that they will be asked to vote at the annual meeting Feb. 8 on a change in the charter which will allow the company to create or purchase a fire-casualty subsidiary.

President W. H. Abell notes that since 1958 Commonwealth has been studying entry into other fields, initially having in mind A&S. However, the introduction of Forand-type legislation in Congress raised the question of whether government will enter into the individual hospitalization sales, and further consideration of issuing medical and hospitalzation coverages has been laid aside for the present.

Instead, a fire-casualty operation is contemplated, apparently on a direct writing basis using Commonwealth Life agents. The traditional American agency system is not compatible with the debit system of distribution used by Commonwealth Life, Mr. Abell states. However, "we did find a number of other companies, of which Allstate and Nationwide are representative, which operate under a distribution system similar to our own, and which have been successful in the limited fields of personal coverages, i.e., residential fire coverages and individual automobile coverages. These

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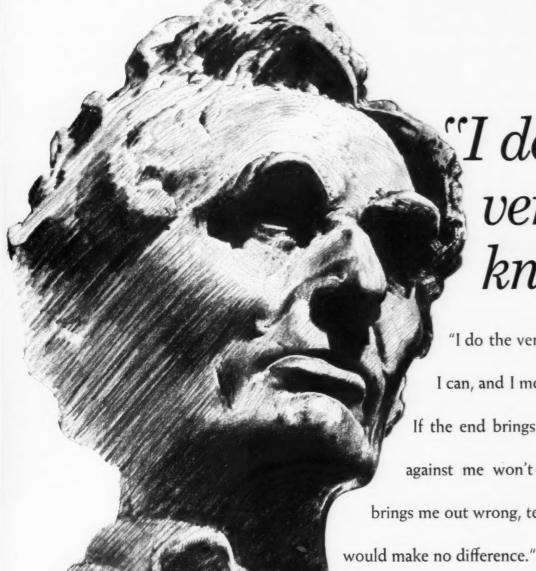
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"I do the very best I know how..."

"I do the very best I know how—the very best I can, and I mean to keep doing so until the end.

If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right

Some time ago, one of America's top executives—a highly qualified salesman — said: "The mediocrity of salesmanship is only a part of our national pattern of always being willing to settle for something less than the best. This, in America, is the high tide of mediocrity, the great era of the goof-off, the age of the half-done job. The land from coast to coast has been enjoying a stampede away from responsibility.

"It is populated with laundry men who won't iron shirts, with waiters who won't serve, with carpenters who will come around some

day maybe, with executives whose minds are on the golf course, with teachers who demand a single salary schedule so that achievement cannot be rewarded, nor poor work punished . . . and the salesman who won't sell is only a part of this over-all problem."

This executive believes there are two outstanding requisites for becoming a successful salesman. First is the knowledge that nearly everyone wants to be liked and appreciated and helped. Second is the knowledge that salesmanship is an *idea* business.

We at Leo B. Menner & Company are in the selling business. We have a warm and human understanding of what a transaction can mean to the other fellow. We have ideas to back it up. We believe that enthusiasm is by far the highest paid quality on earth.

We serve agents, brokers and insurance companies.

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## Stocks

By H. W. Cornelius of Bacon, Whipple & Co. 135 S. La Salle St., Chicago, Jan. 24, 1961 Bid Asked

	8	\$
Aetna Casualty	105	109
Aetna Fire	91	93
American Equitable	20	21
American, Newark	271/4	281
American Motorists	17	18
Boston	331/4	341
Continental Casualty	96	99
Crum & Forster	76	78
Federal	601/2	62
Fireman's Fund	541/2	56
General Re.	120	124
Glens Falls	37	38
Great American	50	51
Hartford Fire	581/2	60
Hanover	45	46
Home of N.Y.	63	64
Ins. Co. of No. America	861/2	88
Jersey Ins.	35	37
Maryland Casualty	371/2	381
Mass. Bonding	413/2	43
National Fire		130
National Union		441
New Amsterdam Cas	63	641
New Hampshire	51	521
North River	43	44
Ohio Casualty	25	261
Phoenix, Conn.	84	86
Prov. Wash.	19	20
Reins. Corp. of N.Y.	23	25
Reliance	551/2	57
St. Paul F. & M	631/2	65
Springfield F. & M.	351/2	361
Standard Accident	52	53
Travelers	100	102
U. S. F. & G.	45	46
U. S. Fire	33	34
	-	

#### View Films On Glaucoma, Gastro-Intestinal Tract

Films on glaucoma and on anomalies of the gastro-intestinal tract were viewed by members of Illinois A&S Underwriters Forum at the January meeting at Chicago.

Glaucoma, an eye disease causing blindness, occurs when the inter-ocular fluids of the eye are not drained at the rate they are produced. It can be treated with miotics and surgery, and the film emphasized the importance of early diagnosis by general practitioners.

Deviations from normal pattern or arrested development are responsible for irregularities in the gastro-intertinal tract, and the film demonstrated corrective surgery.

#### Seek Rehabilitation For Indianapolis Insurer

The Indiana department has filed a petition in circuit court at Indianapolis asking United Public to show cause why the department should not take possession of its business for rehabilitation. The department claims the company is insolvent, and that "its further transaction of business will be hazardous to its policyholders, creditors and the public."

The department seeks the appointment of a conservator to assume control of the company, and if it can be rehabilitated it will be returned to its owners later.

#### Indiana Proposals

INDIANAPOLIS-Among the bills of interest to insurance men in the Indiana legislature is one to repeal the guest statute. Another bill would legislate charitable immunity off the books: another propsal would permit the establishment of "professional corporations" by insurance agents, physicians, accountants, attorneys, etc., and another would amend the insurance code to require foreign and alien insurance companies doing business in Indiana to make annual financial reports to the department of state reve-

It is proposed that the workmen's

compensation act be amended to allow houses of the Montana legislature to injured employes to select their own physicians, and that after April 1, 1961, average weekly wages be considered not more than \$75 and no less than \$30.

#### Want Driver Reexamination In O.

Among the bills in the Ohio legislature is one to require drivers to be reexamined and to prove financial responsibility before suspended license

#### Bill On Mont. Hail Fund

Bills have been introduced in both E. R. Peek.

do away with the state hail fund.

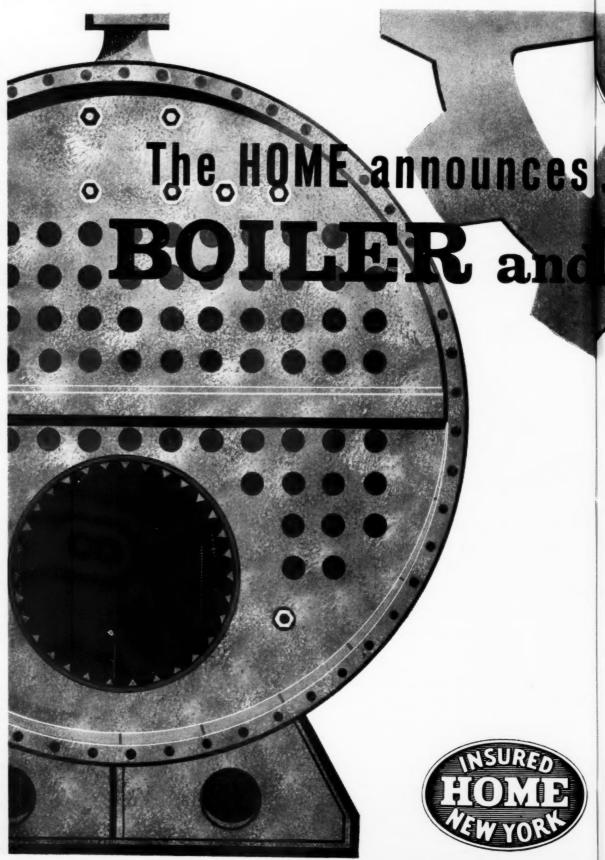
The proposal follows the thinking of Gov. Nutter who asked in his address to the legislature that the state get out of the hail insurance business and use the \$2 million in the reserves to bolster the state's general fund.

Howard H. Arbury was reelected president of Midland (Mich.) Assn. of Insurance Agents last week. Vicepresident is David Jackson; secretary, Miss Helen M. Dudd, and treasurer,

#### **TIRB Names Ferguson Executive Assistant**

Transportation Insurance Rating Bureau has appointed Ralph E. Ferguson executive assistant. He has been assistant manager of the marine department of Home at Chicago and before that was with Aetna Fire and Travel-

Mr. Ferguson's 25 years in the insurance business include marine and inland marine operations, homeowners and multiple line. He is a member of the Illinois Bar.



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## Bond Men Find Banks Ignoring Defalcation Peril, Response To Excess Coverage Disappointing

By RICHARD G. EBEL

What happens when a bank's deposits are woefully underinsured was again demonstrated last week when a bank president's daughter confessed to embezzling \$2.1 million from an Iowa bank. This spectacular illustration is

the latest in the upswing in recent years of losses due to bank defalcation, and this should provide bond producers with more ammunition to show bankers that they must adequately protect their deposits. However, as experience indicates, showing and convincing are two different things. The insurer representative who delivered to the closed Iowa bank the \$100,000 claim check for the blanket bond, disclosed that he had tried and failed to sell the bank excess coverage which would have narrowed the gap between money lost and money lost forever. He wasn't the only one, a quick survey of surety companies reveals.

Of the 172 banks which experienced large defalcations in a recent threeyear period, 21 were underinsured and, together with their unhappy depositors, endured all sorts of unpleasant

repercussions. It appears that this incidence of underinsurance must be attributed to bad judgment on the part of bank officers, absence of any authority to compel bank officers to secure sufficient insurance, and lack of interest in this market by some surety companies.

It was in recognition of a need and a potentially good market that the insurance industry designed excess coverage for banks. In 1953, an excess fidelity bond was developed by Scarborough & Co., and this was followed by the Form 28 of Surety Assn. of America. These are discovery bonds, sold in multiples of \$1 million for a very modest premium, and merchandised by producers willing to work a seven-day week to accommodate the hosts of bankers who were expected to snap at the offering.

Few work-weeks were lengthened, it turned out. The response was disappointing, especially in view of rates that are considered to be so cheap that some companies, believing the profit to be so small, are hesitant to seek the business. An executive of one of the largest bank fidelity insurers in the U.S. estimates that not more than 25% of the nation's 14,000 banks have excess coverage. So many times the response of bank officers, especially those of smaller banks, is a shrugged

"It can't happen here."

#### Directors Have Responsibility

That this attitude is apparently a manifestation of (1) unsound business practices, or (2) negligence and derilection of responsibility, or (3) both, is recognized by American Bankers Assn. "In exercising their duties, the directorate of a bank needs to be cognizant of its responsibility for the dishonest acts of their duly authorized officers," a bulletin of ABA warned its members last year. "The tools of protection are available in the form of effective audits and employe dishonesty insurance. Bank directors have

#### Lindsey Feted On Leaving Pacific Rating Bureau

William A. Lindsey, who is retiring from Pacific Fire Rating Bureau, was presented a plaque inscribed with a resolution honoring him by Insurance Brokers' Society of Southern California at the January luncheon at Los Angeles.

Mr. Lindsey began his career in 1904 as an inspector and surveyor for the Pacific Board and is well known locally to agents, brokers and underwriters for developing fire schedules and rates on mercantile and industrial properties.

#### Garrett Retires From Ind. Field, Whalen Is Shifted

Arl Garrett, Aetna Fire state agent for Indiana, has retired from active service. He has been with the com-

pany 31 years.

Special Agent James A. Whalen has been transferred from Iowa to Indianapolis. Before going to Iowa, he was in the northern Illinois territory for seven years, and prior to that he operated his own agency in Illinois.

#### New Wis. Company

A new company is being organized in Wisconsin to write automobile coverages. The name is International Casualty and it will have \$100,000 surplus and \$200,000 capital, with authority to increase capital to \$1 million. Home office is in Brown Deer, a Milwaukee suburb.



to open more doors . . . close more sales for you!

Another step forward by The HOME...a Boiler and Machinery Insurance Department to help you close on more accounts—and help you open new doors! Right from the start, this new department is equipped to write every form of boiler and machinery insurance, including endorsements on consequential damage, outage, and use and occupancy as well.

Staffed by experts with many years of background in boiler and machinery insurance underwriting, sales and administration, the department will work closely with producers in risk analysis and development of protective programs to fit the insured's needs. The department's activities will be concentrated in the eastern United States at first, but the area served will be expanded as rapidly as possible.

Since, in so many cases, boiler and machinery is a vital line, addition of this coverage is bound to help HOMEtown agents, both as a compelling door-opener and in total account selling as well. So when you think of boiler and machinery insurance, it makes good sense to think of The HOME!

# The HOME Insurance Company Property Protection since 1853

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

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# Insurers May Be Missing Bet Not Urging Auto Seat Belt Use

seat belts are the most improtant single, economically feasible device available to control injuries in automobile accidents, the public has shown little interest in them. The insurance business has shown sporadic interest in promotion of belts. But it is pointed out that in not sustaining a constant campaign for their use the business may be missing a good bet in its own economic interest and losing a chance to project its image as a guardian of public welfare.

Close to 20 years of crash injury research has proved that if seat belts were universally used, more than 5,500 lives could be saved each year and serious injuries could be cut by more than 60%. Auto fleet owners long since have found that the belts are a good investment because they improve experience and reduce insurance costs.

Invited Special Filings

Several years ago, George H. Menefee, then chairman of the Louisiana Insurance Rating Commission and now a consultant in Baton Rouge, invited insurers to make special filings based on the use of auto seat belts. The proposal was considered by companies but was not implemented.

An immediate objection then, and on other occasions when credits for seat belts have been mentioned, was the problem of policing their use. The mere presence of a seat belt would not justify a discount. In addition, some said, if credits were granted for seat belts, why not for blowout proof tires, doors that would not spring open on collision, and other safety features?

These are valid arguments. But they

#### Pearson Of W. Va. Joins ALC Staff

C. Judson Pearson, insurance commissioner of West Virginia, has joined the staff of American Life Convention as counsel. A life-long resident of Kanawha County, W. Va., he received his law degree from West Virginia University in 1949. He was in general practice in St. Albans from 1949-57, after which he was municipal judge there for one year. He was appointed commissioner in 1958 and reappointed in 1959.

Active in NAIC affairs, he has been chairman of the subcommittee on studying state insurance laws; chairman fire and marine committee, and of the airport rentals subcommittee. He also served as a member at large of the executive committee. He is a member of the insurance regulation committee of American Bar Assn.

Mr. Pearson is the third commissioner and the fourth person from West Virginia to join the ALC staff. Robert L. Hogg, former U.S. representative from the state, headed ALC from 1944 to 1954 as manager and general counsel and later executive vicepresident. On leaving ALC, he went with Equitable Society as senior vicepresident and advisory counsel, becoming chairman in 1956. He retired in 1959 and returned to West Virginia.

Robert A. Crichton, West Virginia commissioner in 1949-52, went with ALC as counsel in 1953, remaining there until 1956, when he joined Variable Annuity Life. His successor commissioner-Thomas J. Gillooly-was with ALC as associate general counsel from 1956 to 1959, when he joined Prudential.

Despite conclusive evidence that auto have not dimmed the interest of everyone in the insurance business in the possibility of discounts for seat belts. One executive in charge of casualty underwriting for a leading insurer says that in his opinion there would be merit in a 5% to 7½% reduction for belts despite the difficulty in measuring the extent of their use.

#### Safety Head Dubious

This official wryly observes that he has had some difficulty in selling the idea of seat belts for all his company's cars to the head of the safety engineering department. A powerful argument for belts presented itself, not through words or logic but through a near tragic experience. A member of the chief engineer's staff was involved in an accident during the December, 1960 snow storm in the east. This man happened to be using a seat belt. The entire front seat of the car was wrenched loose from its moorings, but instead of being projected against or through the windshield he was held firmly in place and escaped serious injury

Another insurer has a fleet of 1,722 company and private cars. About 58% or nearly 1,000 cars are equipped with belts. They were adopted in 1955. Although the insurer has had increases in fleet size, total mileage and accident frequency, the number of disabling injuries and auto fatalities is far less today.

what extent the belts can be credited with this improvement can be measured somewhat by the results of a recent poll of all this company's drivers. In response to a survey, 30 field men, who have been involved in severe accidents over the past few years, said they felt that their belts had saved a life or prevented or mitigated an injury.

#### Cases Cited

An adjuster in Missouri recalled what was probably the bloodiest accident cited in the survey. On a cloudy day two years ago, while he was driving his Chevrolet at about 55 miles an hour, the adjuster collided head-on with a vehicle approaching in the wrong lane. Cuts on the adjuster's face required 100 stitches. His right collar bone was fulled loose from his chest, he had seven broken ribs, a broken left leg and kneecap, and almost all his lower teeth were knocked out or loosened.

"The impact was so great that the front seat was torn completely from the floorboard of the car, and the only thing that kept me in the car was the safety belt," the adjuster said.

Another incident was reported by a special agent in Minnesota whose car slid on loose gravel into the side of a moving freight train:

"The whole front end of the car was demolished . . I was wearing a seat belt at the time, and upon the impact with the train the car slid parallel with the train and the left door flew open. I was not injured in any way. However, I can only feel that this was due to the safety belt, as in all probability I could have been thrown under the train's wheels."

A manager in California reported that when his car was slammed in the rear while stopped at a red light, the impact was so great that a new bowling ball he had put in the trunk was split in two against a spare wheel. However, apart from a sore back and a

stiff neck, he received no serious injury because his belt held him in place.

The insurance executive, who is interested in seat belt discounts, points out that they could drastically reduce costs of medical payments for passengers. Of course, they would also have wholesome effect on liability claims.

Available evidence supports his contention. Lt. Col. John P. Stapp, an Air Force surgeon, has subjected himself to plane crash stops from 632 miles an hour (faster than a 45 calibre bullet) in 1.4 seconds. To get an equivalent jolt, a driver would have to smash his car into a brick wall at 120 miles an hour. But Lt. Col. Stapp, held in his seat by belts, suffered no disability. He believes that impacts inducing forces of more than 50 tmes one's body weight can be taken without injury, and impacts of more than 100 times one's weight can be survived. In short, the human body can survive jolts far greater than those experienced in most auto crashes, provided it does not strike or is not struck by some hard or sharp object. Belts are designed to prevent such contact.

#### Fears Are Baseless

The public has had some strange reactions to the use of belts. For example, it is established that up to onethird of all crash victims are those ejected from their cars, and that any-one's chances of living are twice as good if he is held in the seat inside the car. Despite this, many have expressed fears of being trapped in a burning or submerged car. Such fears are largely baseless, since less than 1% of auto deaths are due to fire and water. Moreover, safety belts that meet standards can be released by a flip of the finger. The belt may keep the motorist from being knocked unconscious, and if he is conscious enough to escape

(CONTINUED ON PAGE 30)

#### North America Sales Contest Winners Named

Frank T. Brundage Jr. of Taylor & Golden agency, Norwalk, Conn., took the top prize in North America's national sales contest to mark the 10th anniversary of its homeowners policy. The two second-place winners were Stanley S. DeRisio of DuFour & Co., Alexandria, Va., and Norman Bershaw, Weiner-Bershaw agency, Philadelphia.

Mr. Brundage and his family received a \$10,000 paid up North America educational endowment policy, and the runners-up and their families received \$4,000 policies of the same

The 25 third-place winners received \$1,000 policies, and 100 fourth place winners were awarded portable typewriters.

The more than 18,000 agents invited to participate in the 11-week contest were asked to write during that period 10 North America policies (homeowners, Champion auto and individual life); to estimate total North America homeowners commission income earned during the 10 year period; to suggest a new name for the company's homeowners form, and to nominate a boy or girl, 18 years old or under, for the educational insurance award. The three top winners were feted at a luncheon in Philadelphia with John A. Diemand, president North America, as

Farm & City Mutual Insurance Assn. of Des Moines has changed its name to Farm & City Mutual and has become a legal reserve company. The company writes only sub-standard cas, 1961

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# **Ohio Casualty Now** In Life Business

Ohio Life has been formed by Ohio Casualty group and is entering the business with \$1 million capital and \$3.5 million surplus. Ohio Casualty, the parent company, had assets at 1959 year end of \$82.5 million and wrote premiums in that year of \$66.5 million. West American, a subsidiary, had assets of \$5.6 million and premiums of \$4.5 million. Ohio Ins. Co. had assets of \$5.2 million and premiums of almost

Ohio Ins. Co. has been converted into Ohio Life Ins. Co. Its operations, according to the management of the group, will be supervised by successful life insurance men. However, the company points out that there is a great deal to be done before the company can write business. It is the intention of the management to offer a portfolio of attractive policies, "giving special care in their preparation to meet the requirements of casualty and fire agencies.

The group has been notably successful in underwriting general lines, particularly automobile.

Pollard To Reliance In Marketing Post

William A. Pollard has joined Reliance as sales development manager

in the newly created multiple lines department. This unit will be responsible for product and sales development programs in the package policy field on a countrywide basis under executive direction of Peter J. Korsan, vicepresident.



William A. Pollard

Mr. Pollard has been executive secretary of National Assn. of Insurance Agents for the past two years. Before that he was with American and Zurich-American in field and supervisory posts and in the agency business in Michigan.

#### Farewell To M. A. Oxon

The following letter from H. J. Symons & Co. of London, calling attention to an error, constitutes by itself a most effective explanation and cor-

"We notice that on page 28 of the 16th December issue of The National Underwriter you have shown the London appointments of this firm as being M. A. Lewi and M. A. Oxon as directors for H. J. Symons (Agencies).

"Perhaps we should explain to you that Mr. M. A. Lewi has been appointed as a director and the "M.A. Oxon" is the abbreviation for Master of Arts of Oxford University and we should therefore appreciate your printing a correction of this in the first available

#### **Smith Joins Hamilton**

Clifford W. Smith has joined the H. M. Hamilton & Co., reinsurance intermediaries, as assistant secretary at Dallas. The company has its home office at Atlanta.

Until recently, Mr. Smith was claims manager of T. A. Manning & Sons general agency and was with the organization for 18 years.

# **Jefferson Under New Management Aegis**

Jefferson of New York has entered into a management arrangement with a newly organized management coma newly organized management company, Jefferson Management Corp., New York City. The manager's principal officers will be Max Wollner, chairman; Schuyler Merritt II, president; Elmer N. Dickinson Jr., senior vice-president, and Kenneth R. B. Smith, vice-president and treasurer. Hans R. Pollak, vice-president and director of Jefferson Ins. Co., will be a director.

Mr. Merritt is chairman of American Reciprocal Insurers and chairman and president of its wholly owned subsidiary, Commerce & Industry Ins. Co. He will become a director of Jefferson Ins. Co. He is also a director of Corn Products Co., McKesson & Robbins, a trustee of Dollar Savings Bank and a member of the advisory board of Chemical Bank New York Trust Co.

Mr. Wollner, who has been associated with the insurance business here and abroad for many years, has re-assumed the chairmanship and presidency of Jefferson Ins. Co.

The new arrangement is expected to expand Jefferson's facilities and will not in any way affect existing

agency and management agreements.

Jefferson, organized in 1950, is wholly owned by Adriatic Ins. Co. of Milan and Trieste. Adriatic was organized in 1838 and heads a group of 28 affiliated insurance companies throughout the world.

Arkadelphia Inspected
A two-day inspection of Arkadelphia was conducted by Arkansas State Fire Prevention Assn. in which 175 buildings were checked and 547 recommendations made.

#### FIRE-CASUALTY OPENINGS

\$9,000 -- \$7,000

#### SENIOR UNDERWRITERS

OHIO-CASUALTY UNDERWRITER—\$8,000
Well-known Agency system Company—Age to 40, 5 yrs. exp. INDIANA-FIRE UNDERWRITER—\$8,500
Age to 35. College grad. Min. 7 yrs. diversified undr. exp.
INDIANA-MULT. LINE UNDR.—\$8,000
Age to 35. College mand. At least 5 years basic Cas. Undr., light Fire. OHIO-FIRE UNDERWRITER-\$7,800 Age to 42—seven years experience required.

#### SPECIAL AGENTS

NO. ILL.-MULT. LINE—\$7,500 Age to 42. At least 5 years Stock Co. field exp. IOWA-BOND—\$9,000 Age to 58. Five yrs. Fid.-Sur. field exp. necessary. MINN-MULT. LINE-\$9,000 Age to 40. Coll. degree mand. 9 yrs. Co. exp. proven production record. MO.-CASUALTY—\$8,500 Age to 42. College degree mandatory. Eight yr. Mo. field exp...

#### MANAGERS/SUPERVISORS

ILL.-FARM UNDR. MGR.—\$9,000

Age open. Min. 7 yrs. Farm exp. Must have managerial background.

NEW YORK-MULT. LINE CLMS. MGR.—\$7,000

Age to 45. Require heavy Cas. Clms. exp.-above average knowledge Fire and Allied Lines loss exp. mandatory.

TEXAS-COMP-LIAB. UND. SUPV.—\$8,500
Age to 38, coll. background-8 yrs. exp. currently functioning as Supervisor.

M. WEST-CAS. ENGINEERING SUPV.—\$8,500
Excellent medium-size Company establishing Eng. Dept. 6 yrs. diversified insurance company engineering experience.

Unusually large selection of positions available throughout the country. Personalized confidential handling accorded all applications. No contracts to sign—no red tape. Your interests are best served by an organization devoting its efforts 100% to insurance not as a side line department. Write for "HOW WE OPERATE". No obligation.

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Teletype unit installed in your office at our expense to give you instant replies to your inquiries.

All lines of coverages—written in 20 year old company.

\* Primary coverages in Pennsylvania

\* Surplus lines written through licensed agents in other states which permit non-admitted carriers to write liability

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**Fidelity and Surety** 

**Comprehensive General** 

**Automobile** 

Reinsurance

**Excess Limits** 



Owners, Landlords, and Tenants Liability

**Manufacturers and Contractors** 

**Garage Liability** 

Liquor Liability

**Retrospective Contracts** 

(a) Physical Damage

(b) Auto Liability

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#### Security Wins Bout For New Amsterdam

(CONTINUED FROM PAGE 1)

of Connecticut and vice-president of Security, with which the two preceding companies are affiliated.

Other new directors are Arthur S. Kuenkler, executive vice-president of Security; Arthur P. Morgan, vice-president, Empire Trust Co., New York; William M. Hickey, president, United Corp., New Rochelle, N. Y.; Tilton H. Dobbin, president, Fidelity-Baltimore National Bank; Joseph D. Sargent, Conning & Co., Hartford investment brokers; Adrian L. McCardell, executive vice-president, First National Bank of Baltimore; George E. Banks III, Baltimore, investments; Edward Suisman, Suisman & Blumenthal, Hartford metal firm; Truman T. Semans, Robert Garrett & Sons, Baltimore investment house.

Also named were the following attorneys: John M. Bailey and John S. Murtha, both of Hartford; Richard J. Smith, New York, and J. Crosson Cooper, Baltimore.

Continuing as New

Amsterdam Casualty directors in addition to Mr. Weech are Elmer J. Macleod, vicepresident of the company; Clifford W. Michel of Carl M. Loeb, Rhodes & Cole, New York investment brokers, and Samuel R. Feller and James J. Beha. New York attorneys.

New trustees of U.S. Casualty, New Amsterdam Casualty affiliate, are Mr. Gengras; Mr. Huber; Mr. Kuenkler; P. Warren Smith; Mr. Murtha; Richard J. Smith; Mr. Suisman; Mr. Banks; Mr. Morgan; Carlos Boaz, vice-president of New Amsterdam Casualty; David Hunting, vice-president of Security-

Connecticut Life; Gerard Morrissey, Hartford agent, and Owen G. Daly, vice-president, Mercantile Safe Deposit & Trust Co., Baltimore, Continuing as trustees are F. Warren Pershing, Mr. Feller, and G. Van Velsor

#### Kefauver Rate Bill Has Stiff Regulation

(CONTINUED FROM PAGE 1)

advisory organizations to full regulation of their structures, activities, and practices. Heretofore, he states, neither the district nor the states have effectively supervised these organizations, though the Senate anti-trust and monopoly subcommittee's hearings disclosed "that such bodies are the real repositories of rate making respon-sibilities throughout the country," particularly in fire.

The offices of these advisory organizations, operating on a nationwide scale, have been carefully utilized in an attempt to restrict and otherwise delay competitive rate filings, Sen.

Kefauver declared.

A new title has been added to the Kefauver bill which would eliminate the present assessment of examination costs against the companies or organizations being examined. Sen. Kefauver also urged appropriation of adequate funds for the District insurance department and the superintendent's salary. He said it would be hypocrisy for Congress to urge this course on the states and then fail to do the same thing in the District.

Another bill has been introduced by Sen. Bible which would do away with the present fire regulatory act and extend the casualty rating act to fire lines.



New officers of Insurance Brokers Assn. of Illinois. From left: Fay T. Gliatto, treasurer: Glenn H. Koch, secretary: Wirt W. Stafford, retiring president: Edward T. Thilman, incoming president, and William E. O'Neil Jr., 2nd vicepresident. Legrand A. Flack, 1st vice-president, was not present for the picture.

#### Ill. Brokers' Assn. Names New Officers

Insurance Brokers Assn. of Illinois has elected Edward T. Thilman of the Chicago agency bearing his name president. He succeeds Wirt W. Stafford, also of Chicago. Other offiers named are LeGrand A. Flack, 1st vice-president; William E. O'Neil Jr. 2nd vicepresident; Glenn H. Koch, secretary, and Fay T. Gliatto, treasurer. All are of Chicago with the exception of Mr. Flack, who is from Effingham, Ill.

Directors elected for three-year terms are Alvera Milbreit, Allen Michaels, Louis Blumberg, Robert J. Sabin and Robert P. Shollenberger, all

of Chicago.

At the election meeting, there was considerable discussion on how to obtain new members, since the association now has a roster only slightly in excess of 500. The concensus seemed to be that if the association is to have an effective voice in the state legislature and elsewhere, it should be speaking for a greater proportion of the some 40,000 brokers in the state than it now represents.

One speaker from the floor put it rather succinctly when he said the wishes of a precinct captain and parttime broker could have more weight in the legislature than the entire present membership of the association.

A number of suggestions were made for putting new blood into the organization. These are now under consideration by the board. One is a regular monthly meeting. Other discussions included a stiffer licensing examination and a considerably higher fee. On the latter point, there appeared to be a certain amount of accord. However, since such a move would have to go through the legislature, another sugrgestion was to push for a diferent type of license in addition to the one

#### Seek \$450,000 For Anti-Trust Unit

The Senate judiciary committee has recommended that \$450,000 be authorized for the 1961 work of the antitrust and monopoly subcommittee. The recommendation must be passed by the Senate committee on rules and administration and by the Senate itself.

The anti-trust subcommittee has been rounded out by appointment of Dodd of Connecticut and Blakeley of Texas. Sen. Kefauver of Tennessee, the chairman, has been reappointed, along with Carroll of Colorado, Hart of Michigan, Dirksen of Illinois, Wiley of Wisconsin, and Hruska of Nebraska.

A draft of the final report of the subcommittee on its insurance investigation has been submitted to its minority members. If precedent is followed, the minority may not have its report ready for a month or two. Until then, the majority report will not be released, although it was due Jan. 31 under Senate rules and regulations.

#### Reset Conn. Mutual Meet

The annual convention of Mutual Agents Assn. of Connecticut which was postponed from its scheduled date of Jan. 16 owing to the blizzard in the east has been rescheduled for Jan. 30 at Waverly Inn, Cheshire, Conn.

William D. Baker has been elected a vice-president and director of Wirt Wilson & Co. agency of Minneapolis. He has been with the agency since

required at present.

This would be for brokers who, after proving their worth," would be eligible for a license as-say, for instance -insurance counsel. Here the qualifications and fee could be much higher with less opposition, it was felt.

#### PRIMARY COVERAGES IN ILLINOIS

WORKMEN'S COMPENSATION AUTOMOBILES & TRUCKS OLT-MERS & CONTRACTORS COMPREHENSIVE GEN'L. LIAB. COMPREHENSIVE PERSONAL LIAB. PRODUCTS LIABILITY

GARAGE & DEALERS LIAB. LIQUOR LIABILITY MAI PRACTICE LIABILITY BEAUTY SHOP LIABILITY BURGLARY PLATE GLASS-50/50 \* Special Retros on Large W.C.-Liab.-Fleets, Etc.

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All 3rd Party Liability Including Excess Above Assigned Risk Auto Limits to 100,000/300,000/100,000.

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OUTSIDE ILLINOIS - Through Licensed Surplus Lines Agents in Those States And Territories Which Permit Non-Admitted Carriers To Write Liability

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SINGLE RISK REINSURANCE TO \$2,000,000::::

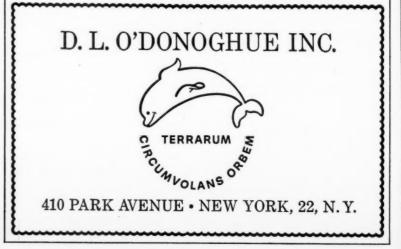


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# **Describes Unique Aspects Of Ocean** Marine, Need For Operating Latitude

anti-trust laws is a pre-requisite to the existence of an American marine insurance market, Carl E. McDowell, executive vice-president of American Institute of Marine Underwriters, declared in a talk at the January luncheon meeting of Insurance Society of New York.

Such a limited exemption was granted in the merchant marine act of 1920. This privilege is jealously safeguarded by marine underwriters and they will not abuse it, Mr. McDowell said.

He explained that the marine insurance and reinsurance aspects of world commerce, the rugged competition, and the heavy concentration of risk require an organizational framework unique in insurance. When business is confined to the domestic area, all competitors are generally subject to the same laws and regulations. This is not the case in the international arena.

#### International Role

The American marine insurance market is a relatively small segment of the entire insurance business, Mr. McDowell continued. Nevertheless it has great technical resources and it needs from American capital the financial capacity to absorb unusual concentrations of risks. The market's singleness of purpose and its international scope require independence of judgment, initiative and organization. On this basis the market will grow in the service it renders to encourage the increase of profitable commerce.

As the U.S. becomes more involved and increasingly a force in world affairs, the contribution of the American marine insurance market to the country's strength will grow. This prospect, however, rests on the capacity of legislative authority and insurance management to recognize and to maintain the specialized identity and character

of the market. Several basic characteristics ocean transportation which influence the character of marine insurance must be recognized, Mr. McDowell said. The first characteristic is the large size—the cargo lifting capacity—of a ship. The average cargo ship that is being planned or built today in the U.S. can carry 10,000 to 11,000 long tons. A long ton is 2,240 pounds. This is equivalent to the average load of more than 400 railroad freight cars or more than 1,000 over-the-road truck-andtrailer combinations.

#### High Values

The second characteristic of ocean transportation is the very high value per unit of a ship-the large investment which is committed by the owner for a long period of time, roughly 20 years. The special design of each ship, or fleet of ships, and the high values limit the market for ready sale. The owner must have foresight and courage, and availability of marine insurance is fundamental to his decision to

Recent shipbuilding costs in the world have varied from about \$140 a deadweight ton to as high as \$1,000 a ton. A \$900 per ton, 10,500-ton ship built in the U.S. would cost \$9,450,000. In terms of automobiles valued at \$3,-000 or homes valued at \$30,000, this is equivalent to 3,150 cars or 315 homes, Mr. McDowell explained.

But this is not the whole story, for 10,000 tons of cargo might be worth as much as \$4.5 million, and the freight

At least a limited exemption from earned might be as much as \$350,000. Adding the value of ship, cargo and freight produces a total of \$14.3 million, equivalent to more than 4,750 automobiles or 475 homes.

#### 'Perils Of Sea'

the underwriter to insure the mariner factor. against these fortuitous risks.

Every hour of every day, on the average, there occurs somewhere in the world a stranding, a fire, a collision, an explosion, a cracked hull or some other major casualty of importance to underwriters. It matters a great deal that seamanship, navigational aids, and scientific knowledge and equipment generally have advanced in the The third characteristic of ocean efforts to avoid these casualties. Howtransporation is what is termed "the ever, "the perils of the sea," while still perils of the sea." The real heart of ominously omnipresent are being joined

marine insurance is the willingness of by the ever-more-important human

Errors in judgment become steadily more prominent. Radar, for example, has been a valuable scientific development, but occasional over-confidence in its use or lack of proper use and interpretation has too often been an apparent factor in maritime casualty. On the other hand, there is no record of how many casualties may have been averted because of use of radar, Mr. McDowell observed.

He emphasized the "pipe-line" effect of ocean transportation. There (CONTINUED ON PAGE 15)

# AN IMPORTANT ANNOUNCEMENT... ARGONAUT OPENS CHICAGO OFFICE

Argonaut Insurance Company takes pride in announcing another major expansion step in its nationwide operation with the opening of a Midwestern Division office in Chicago. Conveniently located at 221 North LaSalle St., this office provides complete facilities, including production, underwriting, safety engineering, claims and audit.

In charge of our new Midwestern Division is Richard T. Lynch. Dick Lynch, who formerly served as manager of our Minneapolis office, is thoroughly experienced in all phases of the casualty business. He joined Argonaut in August, 1951, and was production manager of our Northern California Division at San Francisco prior to his Minneapolis assignment. The new manager of our Minneapolis office is E. G. Lloyd, Jr., who was formerly a special agent for the company in Los Angeles.

As our territory continues to grow from coast to coast, you can always be sure that Argonaut's friendly, personalized service for producers and policyholders will be even better than ever through new and broader facilities.

Richard T. Lynch, Manager



E. G. Lloyd, Jr., Manager Minneapolis office



Principal Offices: 221 North LaSalle Street, Chicago 1, Illinois San Francisco • Los Angeles • Boise • Dallas • Minneapolis

#### ARGONAUT'S GROWTH RECORD

Argonaut Insurance Company is one of the industry's fastest-growing workmen's compensation and general liability carriers. Established in 1948 with assets of \$200,-000 and seven employees, Argonaut today has assets in excess of \$30,000,000, approximately 400 employees, and operates in 38 states.

ARGONAUT INSURANCE COMPANY HOME OFFICE: MENLO PARK, CALIFORNIA

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Officers of Chicago Buckeye Club, minus the new president who was unable to attend because of illness: Harold L. Bredberg, Bredberg Reports, secretary-treasurer; C. J. Lauer, Des Plaines agent, outgoing president; Ray Matson, Illinois Inspection Bureau, first vice-president and J.S. Warren, General Accident, second vice-president. Dale G. Stentz, Western Adjustment, is the 1961 president of the Buckeyes. Before being moved up the line, Mr. Stentz served an apprenticeship of several years as secretary-treasurer.



Russell Brown, America Fore; John Even, Alexander & Co. agency; Robert Bell, president Ohio Assn. of Insurance Agents, and E. F. Gallagher, manager Chicago Board, who made the main talk and bolstered his reputation as an after dinner speaker.

J. Homer Burlingame, one of the founders of the Buckeye Club, with Jay W. Gleason of Illinois R. B. Jones, a new member, and Frank J. Pocquette of Pacific of New York group, and Paul Thompson, vice-president of the Cincinnati Board.





Lyman Drake
Jr. of CritchellMiller agency, a
past president of
Buckeye Club;
Levering Cartwright, Cartwright, Valleau &
Co., chairman of
the publicity committee, and V. L.
Montgomery,
North America, a
past president.

# Chicago Buckeyes At Annual Rally

A cameraman from The National Underwriter was permitted to visit briefly the annual meeting last week of Chicago Buckeye Club and take pictures of some of the members and guests, who are shown herewith, identified from left to right.



David Sullivan, new assistant manager of Underwriters Grain Assn., with Herman P. Winter, America Fore, who sponsored two new members; Walter Sundstrom, Factory Insurance Assn. and former leader of the defunct anti-Buckeye organization, and C. N. Mullican, western manager Fireman's Fund.

Robert Schneider of Poulsen Ins. with Superintendent E. A. Stowell of Ohio, guest of honor at the Buckeye meeting, and Carl Setzer, manager Ohio Inspection Bureau.





James A. Davidson, Factory Insurance Assn.; Robert Bell, president Ohio Assn. of Insurance Agents; Lawrence King, secretary Cincinnati Insurance Board, and Douglas Avery, secretary Ohio Assn. of Insurance Agents.



Ellis Doane, Underwriters Service Assn.; Robert A. Foltz, Springfield F.&M., Douglas F. Best, Illinois Inspection Bureau; Walter Weldon, General Accident, and Donald Neal, Great American.

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#### Royal-Globe Names Morris In Market Post: Raises Seven

Royal-Globe has made several ap-pointments at New York and in the

Frank J. Morris has been appointed an agency secretary. He will manage the market research department and will have administrative supervision of the agency records and agency system units. Mr. Morris joined Royal-Globe in 1940. He was most recently manager of the casualty underwriting planning department.

Joseph J. Dorsett has been promoted to assistant agency secretary in the southern department. Mr. Dorsett, with the group since 1955, was state agent at Louisville and for the past two years has been in special administrative training at New York.

Roderick H. Gerrard has been appointed associate manager of the for-eign department. Mr. Gerrard had experience in commercial banking before joining Royal-Globe's foreign department in 1957.

#### Other Appointments

Edmund J. Nielsen has been advanced from assistant superintendent to superintendent of the metropolitan and suburban fidelity and surety department. He succeeds Tracy A. Clute, who is retiring. Mr. Nielsen has been with the group since 1957.
In Richmond, Va., Bernard P. Mal-

lory has been appointed a field assistant. Mr. Mallory has been with Royal-Globe for 38 years and was most recently fire manager at Richmond. Charles M. Van Brunt succeeds him in that post. A former regional fire underwriter, Mr. Van Brunt has been with the group since 1939.

James H. Foster has been named assistant regional manager for Pennsylvania and southern New Jersey. With the group since 1926, he has had field experience in Philadelphia, southern New Jersey and Pittsburgh, and since 1948 has been local manager for Philadelphia and suburban counties.

Vincent J. Browne, who joined the group in 1960, has been appointed agency system representative for the eastern territory. He will offer a personalized consulting service to help agents increase production and reduce the mechanical details of office pro-

#### Hike Jewelry And Fur Rates In N. Y. Area

Personal jewelry and personal fur rates in New York City and suburban counties have been increased, effective Jan. 18, by Inland Marine Insurance Bureau.

On personal furs the rate in Richmond, Westchester, Nassau and Suffolk counties is advanced to 90 cents per \$100 regardless of the amount of insurance. Formerly it was 70 cents for the first \$10,000, 60 cents for the next \$40,000, 30 cents for the next \$50,000 and 46 cents on amounts in excess of \$100,000.

In Bronx, Kings, New York and Queens counties the new rate is \$1 per \$100, regardless of amount. Formerly the rates were 90 cents for the first \$10,000, 75 cents for the next \$40,000, 40 cents for the next \$50,000, and 59 cents on the entire amount in excess of \$100,000.

On personal jewelry the new rate in Richmond, Westchester, Nassau and Suffolk is \$2.10 per \$100 for the first \$5,000 and \$1.45 on amounts in excess of \$5,000. The old rates were \$1.60 and

\$1.10. In Bronx, Kings, New York and Gulf American F.&C. In Queens the new rates are \$2.25 per \$100 for the first \$5,000, and \$1.75 for amounts in excess of \$5,000. The old rates were \$2 and \$1.40.

#### Bell With S.C. Department

Doyle V. Bell of Spartanburg has joined the South Carolina department. For the past several years he has been secretary-treasurer of Commercial United Investors. Before that he was with General Baking Co. as auditor

# Fla., Ga., Ala., Changes

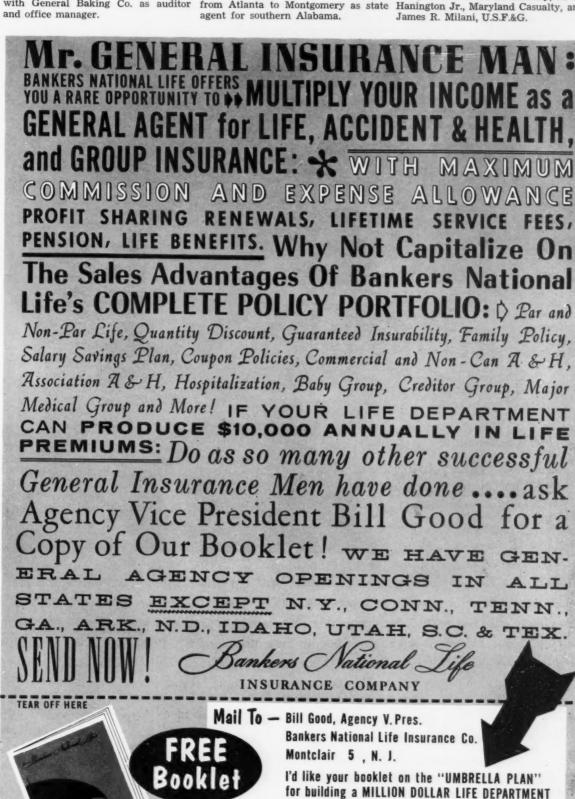
Gulf American Fire & Casualty, Montgomery, Ala., has opened an office at Jacksonville, Fla., under the direction of Barrie L. Jones, executive

William G. Johnson has been named state agent in charge of the Atlanta office. He will service north Georgia. Robert D. Byrd has been transferred from Atlanta to Montgomery as state

#### Casualty & Surety Club Of **Baltimore Elects Garde**

Casualty & Surety Club of Baltimore has elected Henry C. Garde, Fidelity & Deposit, president; Fred J. Willey. Maryland Casualty, vice-president; vice-president, to supervise business in Ray H. Britt, U.S.F.&G., secretary; southeast Georgia and north Florida. and C. M. Snyder, New Amsterdam Casualty, treasurer.

The following directors were elected R. Conley Ricker, F.&D., Vernon O. Lutz, New Amsterdam Casualty, A. W. Hanington Jr., Maryland Casualty, and



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# **Tosses Vacancy Exclusion In Two Cases**

Kansas City court of appeals held for insured in two cases involving the Bureau Mutual, the same court reunoccupancy exclusion. In one, Drummond vs Hartford Fire, the court ruled that though the 11/2-story farm dwelling was unoccupied a year before it was destroyed by fire, the insurer was liable because insured returned frequently to the premises to work as a caretaker and to look after the crops. The case is reported in 10 CCH (Fire & Casualty) 600.

versed a lower court verdict for the insurer on the grounds that the agent knew the property, also a farm dwelling, was unoccupied and that it would be for some time when he wrote the policy. By writing the policy with such knowledge the insurer waived the unoccupancy exclusion, the court held. This is reported in 10 CCH (Fire & Casualty) 588.

In the first case, against Hartford Fire, testimony was that in the fall of 1957 insured moved from his farm into the town of Trenton, Mo., but left a stove, bed, table, chairs and other furniture so that he and his wife could stay over night. Insured returned to the farm once or twice a week, or oftener, to tend crops and take care of the place. Testimony of neighbors was that the unmowed yard grew up to weeds.

The court ruled that the house was not vacant since it had in it inanimate objects and had not been entirely

abandoned. It was not "non-occupied for any purpose.

The court conceded that the exclusion for being "unoccupied beyond a period of 60 consecutive days" presented a closer question. On this point the court cited cases holding that property was not unoccupied when insured was there as a caretaker or watchman from time to time.

The amount involved was \$2,500.

In the Farm Bureau Mutual case, involving \$1,500, Bledsoe owned 80 acres in Randolph County on which t wo dwellings. The Bledsoe family lived in one and rented out the other. The rental property was destroyed by fire.

The Farm Bureau Mutual agent, Robert Liesman, a regular customer of Bledsoe's service station, knew that insurance on the two farm dwellings was about to expire. He had been trying to get the insurance, and did. He knew the rental dwelling had no tenant, had not had for a long time, and was not apt to have for some time to come. In it Bledsoe stored some \$400 worth of furniture, which the agent

The court concluded that the insurer, bound by the information gained by its agent in taking the application and constructively knowing what the agent knows, waived the 60 day unoccupancy exclusion by writing the policy. The court also ruled that the house was not "vacant" on much the same reasoning as in the other case.

#### Hartford Fire Group Names MacClurg In Bond Training

Hartford Fire group has appointed Alfred J. MacClurg instructor for fidelity and surety bonds at the home office training center. He was claims adjuster at Hartford and claims adjuster and special agent at Milwaukee, before being named bond superintendent at Syracuse in 1956.

#### Patzer Retires At K. C.

Frank A. Patzer, resident vice-president and manager at Kansas City for United Pacific, was honored by associates at a farewell stag dinner and a luncheon the following day. Mr. Patzer has been succeeded by M. H. Immenschuh.

Northern Security of Montpelier, owned by Vermont Mutual Fire, began Jan. 1 to issue a straight stock policy without dividends. It now is paying increased commissions-30% plus a contingent—on package policies, fire and allied lines, marine coverages, and miscellaneous lines.

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"There are two ways of handling insurance claims—with a positive attitude or a negative attitude." Ætna Casualty agents know from experience that we prefer the former. Our representatives work closely with our agents . . . approaching each case with a positive spirit of understanding and helpfulness. This spirit is well described by the expression P.S.—Personal Service. It is not our attitude to see how little we can pay, but rather to see that our contracted obligation is paid fully, fairly and as promptly as possible. Our business is keeping promises."

Perhaps this attitude is one reason why Ætna Casualty has so many loyal agents—and why Ætna Casualty agents have so many loyal clients.

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#### N.Y. Department Won't Liberty Mutual Names Approve Buffalo Blue Shield Rate Increase

The New York department has dis-Blue Shield) for subscriber rate increases on its service contracts averaging 36.05%.

The department said it took exception to the plan's estimates of future claim costs per contract and of in-creases in administrative and solicitation expenses and to the plan's proposal to increase rates on service contracts while allowing indemnity contracts to remain at present rates.

"On the present record, there is no room for doubt, however, that under its present rates, the plan is incurring losses and will soon incur increasing losses on both its service and indemnity contracts," the decision said.

Noting that rate increases are therefore necessary, Superintendent Thacher said that the department would give N. Y. Mutual Agents Move immediate consideration to a proposal which meets the objections.

K. W. Evans Jr. has joined the production department of Lumbermens Mutual Casualty at Chicago. He is the of Universal Underwriters of Kansas City and formerly with the Kemper organization.

A New Jersey bill to amend the F. sion provision has been introduced in the legislature. Under the measure, exclusions would be limited to theft or use of a vehicle without the owner's

## Mergott To New Post Of General Sales Manager

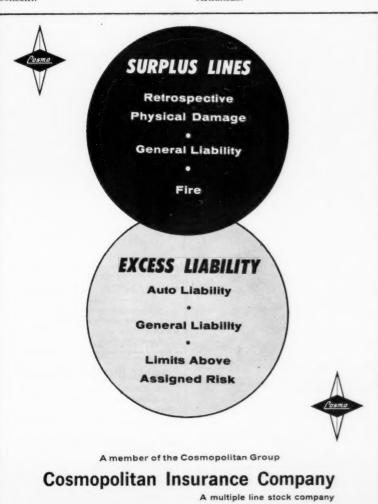
The New York department has disapproved an application by Western New York Medical Plan (Buffalo created position of general sales manager. He will be responsible for the operation of the business and personal sales departments and the advertising department.

Mr. Mergott joined the company's personal lines sales department at Newark in 1931. He was named resident manager at Cincinnati in 1937, district manager at Minneapolis in 1940 and district manager at Pittsburgh in 1942. Subsequently he was advanced to regional manager, assistant vice-president, and finally central division vice-president before leaving Pittsburgh in 1955 to become business risks department manager in the home office. He was named business sales department manager in 1956.

Mutual Agents Assn. of New York has moved its offices from Syracuse to Albany where it is occupying new quarters in its own building at 1776 Western Avenue. Roderick L. Geer is executive secretary. He is also execuson of K. W. Evans Sr., vice-president tive secretary of the New Jersey and Connecticut associations.

#### At Dallas For Aetna Fire

Aetna Fire has appointed Douglas Wadsworth Jr. special agent at UJF law to eliminate the guest exclu- Dallas. He was with the rating division of the Texas department before joining Aetna Fire in 1957. Following training at the company's multiple line school he was named special agent in



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# **Local Penetration**

Royal-Globe's mobile production team has one purpose - to help you service your clients efficiently and profitably. Each man is picked for his ability to do this for you in your particular area. He knows how to apply his service in your insurance region. For local market penetration, call on the members of Royal-Globe's team today to service risks and produce new business.



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**American Equitable Assurance Company** of New York

Organized 1918

Globe & Republic Insurance Company of America

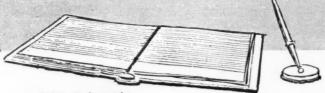
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Incorporated 1832

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## Conventions

Feb. 9-10, Conference of Mutual Casualty Com-panies, fire conference, Conrad Hilton Hotel Chicago

Feb. 9-10, National Assn. of Insurance Commissioners, Gerber subcommittee, Sherman

missioners, Gerber subcommittee, Sherman Hotel, Chicago. Feb. 13-15, Health Insurance Assn., group in-surance forum, Biltmore Hotel, New York City.

Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.

March 6, Cleveland I Day, Manger Hotel, Cleveland

March 9-10, Ohio State University Insurance Conference, annual, Columbus, Ohio. March 9-11, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.

March 12-15, National Assn. of Mutual Insur-ance Agents & Texas mutual agents, com-bined midyear, Shamrock-Hilton Hotel,

March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.

March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.

March 14, Pittsburgh I-Day, Hilton Hotel. March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.

March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.

March 23-25, Southern Agents Conference of NAIA, annual, Robert Meyer Hotel, Jackson-ville, Fla.

April 4-6, National Assn. of Independent Insurers, workshop, Edgewater Beach Hotel,

April 5-7, Pacific Coast Advisory Assn., annual, Biltmore Hotel, Santa Barbara, Cal.

April 9-11, Florida mutual agents, annual, Galt Ocean Mile Hotel, Ft. Lauderdale.

April 9-11, Midwest Territorial Conference of NAIA, annual, LaSalle Hotel, Chicago.

April 9-13, National Assn. of Surety Bond Producers, annual, St. Francis Hotel, San Fran-

April 10-11, New York mutual agents, annual, Hotel Syracuse, Syracuse. April 16-18, Eastern Agents Conference, annual Sheraton Hotel, Philadelphia.

April 17-18, Iowa mutual agents, annual, Savery Hotel, Des Moines. April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.

oril 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.

April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.

April 23-27, American Assn. of Managing General agents, annual, Camelback Inn, Phoenix.

April 27-28, National Assn. of Casualty & Surety Agents, midyear, Sheraton-Belvedere Hotel, Baltimore.

May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Kiamesha Lake, N. Y.

May 4-5, Central Claim Executives Assn., an-nual, Arlington Hotel, Hot Springs, Ark.

May 4-5, Conference of Mutual Casualty Com-panies, claim conference, Conrad Hilton Hotel, Chicago. May 5-6, Louisiana agents, annual, Edgewater Gulf Hotel, Edgewater Park, Miss.

May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.

May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.

May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse. May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.

May 8-11, National Assn. of Insurance Brokers, annual, Fairmont Hotel, San Francisco. May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.

May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.

May 12-13, Oklahoma agents, annual, Biltmore Hotel, Oklahoma City. May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.

May 14-16, Pennsylvania agents, annual, Bed-ford Springs Hotel, Bedford, May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.

May 16-19, National Assn. of Independent Ad-justers, annual, Sheraton Towers Hotel, Chi-

May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs. May 18-20, Texas agents, annual, Galveston.

May 21-23, Tennessee mutual agents, annual, Riverside Hotel, Gatlinburg.

May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel,

May 22-24, American Mutual Insurance Alli-ance, Edgewater Beach Hotel, Chicago.

May 23-24, Illinois Bureau of Causualty Insurers, annual, St. Nicholas Hotel, Spring-

May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City. June 4-9, National Assn. of Insurance Com-missioners, annual, Bellevue Stratford Hotel, Philadelphia.

#### Fort Worth CPCUs Name New Officers

Fort Worth CPCU chapter has elected Frank G. Dunham Jr. of Millers Mutual Fire president; William H. Harrison, Paul Rathgeber & Co., vice-president, and Louis E. Newton, American, secretary-treasurer.

Hartford Fire group held a three-day conference on bonds and burglary coverages, attended by representatives of departmental offices from around the country. William H. Wallace, vicepresident, presided.

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# **Tells Unique Aspects Of Ocean Marine**

(CONTINUED FROM PAGE 9) may be 700 ports on the seven seas, but each becomes a funnel through which flows cargo that has been assembled or will be distributed usually over a wide area. There are 12 railroads and numerous main highways and a multitude of streets over which freight flows to shipside or onto barges at the port of New York. Nevertheless every vessel going to sea from that port will pass Ambrose Lightship. In San Francisco Bay, whether loaded at San Francisco or Oakland or Sacramento or Stockton or Redwood City or anywhere else in the Bay Area, a ship must sail out through the Golden Gate.

#### Must Be Conservative

These outstanding characteristics of ocean shipping point up the challenge to the marine underwriter. It explains why "singleness of purpose" describes the market's character, Mr. McDowell declared.

He summarized these characteristics as concentration of high unit value of the ship for an extended period of years; concentration of a high value of cargo assembled in a large floating warehouse; an exposure of the total to a multitude of potentially catastrophic risks, including total loss; and a pipeline of routing which further emphasizes the enormous concentration of

It is no wonder, then, that the marine underwriter is a conservative individual. But he is more than that. He is a walking encyclopedia of technical information on commodities, structure of hulls, transportation facilities in the farthest corners of the world, and

#### **Enjoins Use Of Insurer Funds For Defense Costs**

Judge Butler in superior court at Chicago last week enjoined Highway Ins. Co. and five individuals from us-ing any company funds, including sal-aries, for payment of legal fees for the cost of defending the suit brought against the company and some of its officers and directors and former officers for an accounting of funds. The injunction prohibits the payment of salaries or fees to the five individuals. The plaintiff is Clyde Korman, a former officer and stockholder of Highway, who now heads Fidelity General of Chicago.

#### Raia To Open S. F. Marine Office For Kemper Group

Kemper group has appointed Anthony V. Raia ocean marine special agent at San Francisco, and he will open a branch for the ocean marine department there. He has been with American Foreign Insurance Associa-

Hearing On N.J. Blue Shield Rate Boost Application Set For Jan. 31

Commissioner Howell of New Jerey has called a public hearing Jan. 31 at the state house annex in Trenton, on the application of Medical-Surgical Plan of New Jersey (Blue Shield) for a rate increase averaging 23.5%.

Conroy, Marable, Holleman agency of Clarksville, Tenn., was honored by Travelers at a dinner marking the 40th anniversary of its representation of that company. The agency, which was founded in 1869, began representing Travelers in 1921. Agency partners, John J. Conroy Jr., Lane Marable and James G. Holleman attended.

other data. He has a tendency to look additional piece of intelligence regarding a risk.

Moreover, the marine underwriter is the least likely person to be provincial in outlook-not only because his curiosity covers the world, but also be-cause his competition is worldwide. He must be prepared, both as to rates and as to underwriting knowledge, to quote in competition with the British

markets. With the exception of several countries which employ nationalistic restrictive insurance regulations, under the last remaining stone for an marine insurance is not impeded by political boundaries or tariff walls.

It is particularly characteristic of the American marine underwriter since 1945 that he is part of "one world." He has equipped himself to do business in that environment where national customs and traditions, laws and methods of doing business, and cultures and languages are of an infinite variety. The international marine in-

and many other marine insurance surance market is one of the most highly competitive business arenas in the world. The broker who has a line to place has the world to play with, if he so chooses

Mr. McDowell illustrated this point by noting that the insured value of the steamer "United States" is \$35 million. Since there is no single national marine insurance market with sufficient capacity to absorb such a concentrated risk, \$17.5 million of this line is now in the American hull market. This illustrates the "one world" fraternity, Mr. McDowell declared.

# MERCHANDISING A&H KNOW-HOW SALES TECHNIQUES



Not mere words or clichés, these are important selling elements in Combined's program for general agents. During our years of specializing in Accident and Health, we've found what it takes to motivate prospects. We attribute our phenomenal growth-and in turn, the remarkable success of so many Combined general agents — to the proper use of

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Jan

# How III helps sell in

Metropolitan Detroit is a changing market and Detroiters are changing with it. In 1959 they spent nearly 5 billion dollars on retail sales to make their lives fuller, more enjoyable. And in one household out of three, a large part of that enjoyment comes from reading LIFE's exciting pictures and stories each week.

These families are anxious to protect themselves and their possessions. Households in Detroit and in the other U.S. metropolitan markets represent 68% of all homes owning theft and loss insurance.\* In the course of 13 issues, LIFE reaches almost *half again* as many met market homes as the Saturday Evening Post. That's the simple reason why LIFE helps sell insurance in Detroit—and all across the U.S.



**Northlands Shopping Center** in growing metropolitan Detroit. Metropolitan market homes represent 68% of all households own-

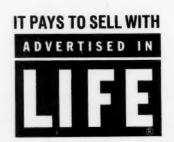
ing theft and loss insurance.\* In the course of 13 issues LIFE reaches over three quarters of all the met market homes across the nation.



**Cobo Hall,** new home of the National Automobile Show. The automobile industry invested 17% more 1960 advertising dollars in LIFE than Post, and new car buyers are your best prospects for any insurance.

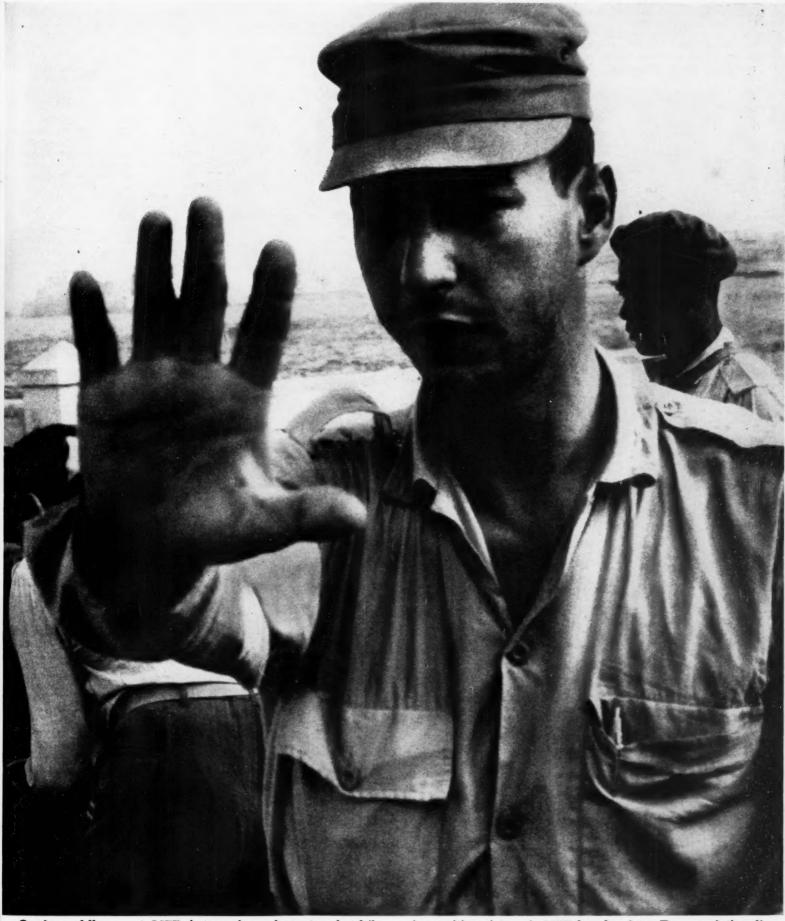
Market Location	% of Total U.S. Households	% of Total U.S. Households Owning Theft and Loss Insurance*	Thirteen Issue Coverage of Metropolitan Market Households
All Metropolitan Markets	59%	68%	LIFE 76.3
Source: LIFE	's Study of Cons	sumer Expenditures	Post 52.8%

<sup>\*</sup>Excluding automobile



. 1961

# **Il insurance in Detroit**



**Castro soldier** arrests LIFE photographer and reporter—but fails to spot a roll of film hidden in a sock. Result: eight pages of exclu-

sive, exciting pictures in LIFE four days later. Every week the editors of LIFE screen 10,000 such pictures from all over the world.

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#### Tells How Visual Aids Help 'Lousy' Sales Job On Income Protection

"We are doing a lousy job of selling income protection," declared Richard Gilmore, assistant manager of the special risk division of Continental Casualty, who described visual aids as a means of helping correct the deficiency.

Appearing at the January meeting of Chicago A&H Assn., Mr. Gilmore demonstrated one of his company's film strips specifically related to disability

teners to stop concentrating on the easy stuff and go after the hard-tosell business.

"A salesman is not used to making a sale if he is not selling income protection," he declared, adding that agents do not have to sell hospitalization coverage. "Some of them seem to be embarrassed to ask a person to

Visual aids, he said, will help the agent in a need sale situation, and income protection is just that.

In describing production of what his

income coverage. He urged his lis- company refers to as "talking pictures," he advised employing the best script writers and production people. Mediocre film strips are apt to hurt the sales presentation rather than help it.

He suggested that in planning the filmstrip, companies avoid being restrictive in the story-message. It should be general rather than concentrated on a specific policy.

Success in using visual aids does not appear overnight, he emphasized. "You have to test it, put the results together and then merchandise the re-

State Farm Promotes Tindall; Makes Number Of Other Changes

State Farm group has named James M. Tindall Jr., head of its proposed regional office at Wayne, N.J.

Mr. Tindall, who has been deputy regional vice-president at Springfield, Pa., will move to Wayne when the new office opens next fall. A 20-year veteran with State Farm, he began his career as an agent and moved up through agency promotions until he was named associate state director for Pennsylvania in 1952. He was appointed deputy regional vice-president in 1958.

Eight new agency directors also were named: Donald W. Frischmann and G. Gilbert Nellis at Lincoln, Neb.; William V. Leslie, Daniel Predpall and William Seabrook at Springfield, Pa.; Fred M. Kennedy at Jacksonville, Fla., and Lester S. Sheppard and C. John Albrecht at Newark, O.

Other promotions announced by the

group included: F. C. Fraser, from administrative assistant to division manager (Toronto); Glenn Bailey, from assistant claim superintendent to claim superintendent (Charlottesville, Va.); Ray Gough, from district manager (Ohio) to assistant agency director (Newark, O.); David Moreen and Albert Easton, both from assistant claim superintendent to superintendent (Marshall, Mich.); Donald G. Julian, from assistant claim superintendent to claim superintendent (Springfield, Pa.); Joseph Formusa and Jean F. McBurney, both from assistant claim superintendent to claim superintendent (Bloomington, Ill.); Mendell Butler, from assistant claim superintendent to claim superintendent (Columbia, Mo.); Theophile Sedlock, from regional auditor to director internal control, and George Brooks, from assistant auditor-clerical to regional auditor (Salem, Ore.); Bartley C. Johnson, from property claim supervisor to property claim superintendent and Ansel Bradley, from assistant claim superintendent to claim superintendent (Jacksonville, Ray Knowles and Walter Reinthaler, both from assistant claim superintendent (Berkeley, Cal.); Ervin Peterson, from correspondence supervisor (fire) to administrative services superintendent (Lincoln, Neb.), and Alan Curry, from superintendent rating division, to assistant actuary (Bloomington, Ill.).

#### Gibson In Claims For AFIA

Gordon M. Gibson has joined American Foreign Insurance Assn. as casualty loss superintendent with responsibility for worldwide settlement of casualty claims. He was formerly with Liberty Mutual.

# Service Guide

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When your customer has a claim, Central pulls out the stops to settle it fast-bends over backwards to be fair. As a result, policyholders have complete confidence in you and your agency. That's one reason why Tomorrow Minded Producers sell with success. Write for eye-opening booklet, "Plus Factors for Producing Additional Premium Volume."



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d un Says Rehabilitation Is Key To WC Future

Getting the injured worker back to his job is fast becoming the number one objective of workmen's compensa-tion insurance, R. D. MacLean, vice-president of American Mutual Liability, told 500 claims men, lawyers and doctors at the annual banquet of

Atlanta Claims Assn.

James C. Fickling, claim manager
Georgia Power Co., was elected president. Other new officers are George L. Carter, Fireman's Fund, 1st vicepresident; Reuel B. Buttram, Crum & Forster, 2nd vice-president; Horace F. Cronic, Employers Mutuals of Wau-sau, secretary; Ralph B. Goodson, Lumbermens Mutual Casualty, treasurer; A. E. Fabian, Hartford Accident, assistant treasurer, and Jackson L. Barwick Jr., U.S.F.&G., assistant sec-

be retitled workmen's rehabilitation, Mr. MacLean declared. The important business of healing the accidentally-disabled employe and returning him to work is essentially a medical responsibility. Hence, insurance people and employers must learn to shift emphasis from the legal to the medical approach, from compensation to rehabilitation, from the mere payment of medical bills to medical direction, from the idea of financial indemnification to that of physical vocational restoration.

#### Eisenhower Notes Possible **Insurer Tax Inequities**

In his annual budget message, President Eisenhower noted that it has been many years since certain of the tax laws, which now apply to private lending institutions and to fire and casualty insurers, became effective.

Mr. Eisenhower suggested that Congress review these statutes to deter-mine if inequities exist and to remedy them where found. He said the Treasury Department is studying the statutes in question and that its findings should aid Congress in any review it undertakes.

#### West Mass. Field Men Elect

Western Massachusetts Field Club president; Roland Drew, New Hamp- Alfred A shire, vice-president; Daniel Flynn, treasurer.

'Revenooer' Blasts Still, Starts Blaze

Alabama supreme court has upheld a verdict in favor of insured whose house was burned down after a revenue agent dynamited a still located in the building. The case, which turned on an exclusion of loss due to "order of civil authority," is reported in 10 CCH (Fire & Casualty) 537.

The property insured by Bankers

F.&M. was a wooden, four-room, one story frame house, one room being made of logs. It was located two miles west of Pell City, Ala.

Earl C. Snarr, who was employed by the federal government, by the sheriff

of St. Clair county and by others, discovered a still in the house. It was not shown that insured, who had leased the property to C. M. Hanna, had any knowledge of the still.

Snarr led a raid on the property. He Workmen's compensation might well placed 40 sticks of dynamite in the retitled workmen's rehabilitation, still and set it off. The explosion not r. MacLean declared. The important only destroyed the still but blew off part of the top and sides of the house. Fire followed and destroyed the prem-

#### Court's Observations

In the trial court, the jury returned a verdict for insured. The insurer appealed, and upon review the supreme court held that the statute under which the revenue agent acted provided that the still be destroyed "only so far as to prevent the use thereof" and did not require that dynamite be used or that Reliance Appoints Perry the house be burned. Therefore if the agent's act was not actually or ap-parently necessary to execute the order, the order was not the cause of the fire.

In view of the nature of dynamite, the supreme court observed that the agent's use of 40 sticks was sufficient to support an inference that he was intentionally committing an unlawful act or an act not expressly required or necessitated by a lawful order. Thus the jury was warranted in finding that the fire was not the result of an order

the fire was not the result of an order of civil authority and the judgment for insured was affirmed.

Spain, Gillon & Young of Birmingham appeared for the insurer, and John H. Martin of Pell City for insured.

has elected Arthur N. Yeates, Boston, Providence Washington, secretary; and Alfred Arenius, Springfield F.&M.,

Hartford Fire Enters Japan; In 26 Countries

Hartford Fire has entered Japan to write fire, marine, casualty and surety business through American Foreign Insurance Assn. Hartford Fire now operates directly in 26 foreign coun-

The company's entry into Japanese markets coincides with the 41st an-niversary of AFIA's operations in Japan. Great American and Home also write business there. The association has 500 agencies and 14 branch offices in Japan.

Hartford Fire operates through AFIA with other American insurers in 50 foreign countries.

**American Casualty Raises** Fahy In West Coast A&S

American Casualty has named Joseph E. Fahy to the newly created post of regional health insurance manager for west coast offices. He has been health manager at San Francisco. Mr. Fahy began his career with the company as an A&S representative at New York and was later in charge of the aviation and group travel division there. In 1956 he was transferred to the home office as superintendent of health insurance department's security division. He has been at San Francisco since 1959.

Reliance has named Richard Perry special agent at Los Angeles. He has been with Hartford Fire and in his new position will service Orange, Riverside and San Bernardino Coun-

#### N. J. Extends Exam Time

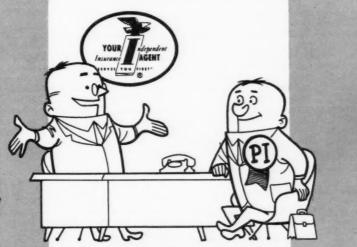
First-time New Jersey applicants for agents' licenses for automobile insurance only have been granted a one-year extension for taking a 30hour training course at an accredited school.

Denson agency of Philadelphia has named Maurie Fox and Basil S. Keller vice-presidents, and Gary Bromberg treasurer. Mr. Fox will be responsible for life and A&S, Mr. Keller for aviation lines, and Mr. Bromberg for technical underwriting supervision.

the Minute Man still stands for security



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# Analyzes Insurer Liquidations, What To Do To Reduce Them

sible to establish a relationship to costs recovered to the payment of debts.

Liquidation costs vary in terms of size and type of company being liquidated and are a function of: Number of policyholders, types of contracts (assessable and non-assessable), number of states in which the company did business, size of agents' balances, number of claims and ease or difficulty of adjudication and collection, size of assets recovered upon dissolution, types and distribution of investments, conditions of records, and the cooperation or lack of cooperation of the officers and key personnel of the defunct company. Mr. Nichols concluded that there are too many immeasurable qualitative factors to permit a true evaluation of costs

Duration of liquidation and costs of liquidation are interwoven and usually beyond the control of the liquidator. The conditions which tend to lengthen the liquidation period of the company are the same as those which influence the costs of liquidation.

#### Term Of Liquidation

Thus the duration of liquidation varies with the relative problems confronting the statutory liquidator. takes longer to liquidate an assessable mutual insurer than a stock company because of the difficulty of collecting assessments and the tremendous costs involved in collection.

The principle of equity among creditors and the degree to which it has been achieved is qualitative factor subject to personal interpretation. Since the entire liquidation process in Pennsylvania is reviewed by the court, Mr. Nichols found no evidence of political favoritism or preferential treatment to any creditor.

Statutory weaknesses in the liquidation process still exist in Pennsylvania, he said. Court approval is required of the manner of distributing the assets of a defunct insurer. A specific statute outlining a predetermined manner and order of payment to various classes of creditors of a defunct company would eliminate unreasonable delay and reduce the cost of liquidation by eliminating suits contesting the liquidator's recommendation to the court.

Conservatorship or resuscitation of insurers in financial difficulty is not permitted by statute in Pennsylvania. Presently the practice is either to suspend a company after a hearing, with facts based upon a recent examination of the company certified by the examination division, or liquidation. Suspension is the "kiss of death," and in a business sense the company can never recover from this

Among special problems Mr. Nichols noted that small assessable mutuals constituted the largest number of failures in Pennsylvania because prior to 1956 mutual companies were not

earned premium reserve in the property and casualty field. Since the passage of the law requiring certain mutuals to maintain unearned premium reserves, the unearned premium reserve legislation is applicable to all assessable mutuals doing a premium volume in excess of \$75,000. The companies are given five years, 1956 to 1961, to accumulate the full reserve. Twenty percent of the unearned premium reserve must be accumulated each year until the full reserve is on hand at the end of the five year period. This reserve must be set up and maintained before the payment of commissions and other expenses

This measure should be helpful in minimizing the sale of mutual charters through the purchase of management contracts to promoters who exploit the liberal rights that mutual companies have been granted by the Pennsylvania assembly for the protection of small mutuals in the conservative rural areas where premium volume is small.

Some persons who control assessable mutuals have tried to nullify this requirement in part by stating in the policies that 40% of the premium charged initially is membership fee or an agent's commission and the balance of 60% is the premium. Commissioner Francis R. Smith has not agreed with this interpretation of the statute. The legislature may be asked for statutory clarification.

#### Sound Legislation

The mutual insurers are well repesented in the legislature and are politically strong, Mr. Nichols observed. Most of the large and reputable mutuals are interested in sound legislation and were instrumental in passing the unearned premium reserve requirement.

Small assessable mutuals have to a great extent outlived their usefulness a method of doing an insurance business, Mr. Nichols commented. They were popular when the means of transportation and communications were limited. Property values were lower in the years gone by, and insurance was restricted to a particular line. Moreover, in order to keep costs down, peoinsured in the same company banded together to replace a building that was burned or destroyed. Each policyholder participated in the operation of the company, and honesty one of the greatest assets that the company possessed.

There are many small mutuals operating in Pennsylvania which are successful but still offer limited contract coverage. The mutual company associations in the state should attempt to merge these companies into larger units and absorb as much of the personnel as possible, Mr. Nichols recommended. Greater attempts should be made to educate the agents of mutual companies (primarily in the property and casualty field and in fraternal life com-

required by law to maintain an un- panies), and a voluntary program of licensing agents should be started. Eventually all agents, whether they be representatives of small or large mutuals, should be required to pass an examination in order to be licensed. major goal that the mutuals should try to attain in all fields is the elimination of assessable policies and the accumulation of adequate reserves to sustain the financial ability of the company.

#### Reasons For Failures

Most of the failures of assessable mutuals are caused by poor or careless management and underwriting, he said. This is true because of the great incentive for promoters to purchase the management contracts and take control of the company for the sole purpose of earning large commissions. This was especially true before 1956 when mutuals were not required to retain an unearned premium reserve. These companies could write all the volume of standard or substandard business they could possibly acquire without one dollar of unearned premium reserve. Under many of the management contracts, the commission scale was set at 42.5% of the gross premium.

The statutes should guard against these unreasonable management con-

Legislation should give the insurance commissioner the right to approve or disapprove new management contracts, Mr. Nichols advised. If the management contracts are unreasona-

#### Name NAMIA Executive And Committee Heads

National Assn. of Mutual Insurance Agents has named to its execucommittee Claude E. Spencer, Danville, Ill.; Paul A. Garrick, Medina, N. Y.; C. Goodman Jones, Bluefield, W. Va.; Thomas R. Mote, Piqua, O.; T. Craig Watson, Gastonia, N. C.; Harry E. Uhler, Baltimore; Charles M. Scott, Ellicott City, Md.; Charles M. Boteler Sr., Washington, D. C.; Claude P. Coates, Fort Worth; R. E. Hill, Chattanooga; and J. F. Montgomery, Jack-

Chairmen elected to other committees were: Mr. Boteler, convention sites and bylaws; Earl A. Lamb, New York, company-agents; Hugh Wyatt, Tulsa, anti-coercion; Maurice M. Cable, New Orleans, agents qualifications laws; Mr. Uhler, finance and budget; and Stuart B. Patterson, Coral Gables legislative.

Also, Wilson H. Flock, Kingston, Pa. membership; E. F. High, Columbus, O., resolutions; R. H. King, Raleigh, N. C., errors and omissions; Henry D. Bean, Haddonfield, N. J., youthful drivers; Mr. Watson, agents' contracts; Charles McClung, Los Angeles, far west membership and liaison; and Hugh H. Murray, Raleigh, N. C., national affairs.

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and progress reflects a 134-year

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gressive Agents are relying today

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power to disapprove. Old management contracts would insurance companies. require approval or disapproval of the commissioner only if they were transferred. Statutory annulment of exist-ing contracts would violate the federal constitution. No law outlawing all management contracts could be passed as a practical proposition in the leg-

#### **Not Good Criterion**

The number of failures in a particular state is not a good criterion of good or bad regulations. Pennsylvania has had a large volume of failures because of old inadequate statutes permitting certain types of insurers to operate without proper safeguards. Good regulation, however defined, cannot prevent dishonesty. If dishonesty could be regulated along with incompetency, failures could and would disappear. The regulatory officials in the states must establish principles

#### Red River Valley A&S Men Name Clark President

Lyle Clark of the agency bearing his name, Moorhead, Minn., has been elected president of Red River Valley Health Underwriters Assn. Harry Johnson of Prosper, N.D., was named vice-president and E. E. Lybeck of Fargo secretary-treasurer.

#### Mutual Company-Agent Unit

Earl A. Lamb of New York has been reappointed chairman of the companyagents committee of National Assn. of Mutual Insurance Agents. He is past president of NAMIA and of the New York association. Other members of the committee are:

Henry D. Bean of Haddonfield, N. J.; M. A. Durante of West Milwaukee, Wis.; John Keyser of Kalamazoo; R. H. King of Raleigh; J. S. MacLellan of Clayton, Mo.; George R. McKiever of Miami, current NAMIA president; A. W. Preble of New Haven; Sidney F. Stallings of Leland, Miss.; Harry E. Uhler of Baltimore; Wilbur E. Wehrman of Denver, and Paul A. Garrick of Medina, N. Y.

F. Bradbury Esau Jr. of Pawtucket Mutual has been named chairman of the advisory conference of NAMIA, which is the parent committee of the company-agent unit. Subcommittees of the latter group and their chairmen are advertising and selling, Paul Darling, vice-president Iowa National Mutual; public relations, Keith W. Skillin of Lumber Mutual Fire of Boston; office procedures, William L. Hitchcock of Norfolk & Dedham Mutual, and edu-cation, B. L. Hewett of Michigan Millers Mutual.

#### **Dorfman Heads Brokers**

General Insurance Brokers Assn. of New York has elected Charles M. Dorfman president, Joseph Carlin, M. D. Cowan, Fay W. Sterenbuch and R. M. Ferguson vice-presidents, Joseph F. Conroy secretary, and Charles Sor-

#### Central Mut. Appoints Vetica

Central Mutual has appointed John P. Vetica special representative for Pennsylvania. He has been in the business nine years, most recently as a local agent in Ellwood City, Pa.

Frank J. Richardson, manager of the inland marine underwriting division of Talbot, Bird & Co., New York, has retired after 38 years with the firm. He was assistant secretary of that company and of Universal.

ble, the commissioner would have the that can be used to measure the qualitative aspects of the management of

> Moreover, good regulation can and does discover failures quickly and can minimize the effects of permitting defunct companies to operate. A lot of states may have failures but, because of inadequate staff or other reasons, are unable to proceed against these defunct companies until the sit-uation becomes a statewide affair. Failures per se are not a measure of good or bad regulation. All that failures show is that certain companies have been unable to survive under the requirements of the insurance statutes.

The future of liquidation by state insurance commissioners may be influenced by the general question of state vs federal regulation of insurance, Mr. Nichols believes. Congress presently is reviewing state supervision to determine whether or not it is

In event of federal regulation, there is the possibility of federal liquidation of insurers by a federal administrative agency, with or without supervision by the federal courts.

At present the federal courts do not appoint receivers for insolvent insurers where the home state has by statute set up an adequate procedure to liquidate such companies. This rule was established in 1934, when an attempt was made to have the federal court appoint a permanent receiver for a Pennsylvania insurer in the case of Penn General Casualty vs Pennsylva-

Though more mutual than stock companies have failed in Pennsylvania, there is no conclusive proof to indicate that mutuals per se are bad. The causes of failure demonstrate conclusively that poor underwriting and management, coupled with weak and exclusive legislation, have done more to encourage failures of mutuals than structural weakness. Management -informed, responsible, and activeis the only safeguard against failures not the structure of the company, he declared. Failures in Pennsylvania are confined to a peculiar type of mutuals created by statute and not to mutuals per se. If Pennsylvania is interested in eliminating failures of this type, it has a clear course to follow-amend the statutes and tighten the control that discourages failure.

## "ANOTHER SUCCESS!"

Reports Mr. Joe Hudson, Hudson Insurance Agency Spartanburg, S. C.



# "THE ST. PAUL'S EASY AUTO POLICY IS A BIG HELP IN ACCOUNT SELLING"

"We reviewed all our personal accounts and found a large number where we did not have the auto insurance. Investigation showed that the bulk of this business was being handled by direct writers.

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# U.S. Companies Insure More Abroad

Reinsurance transactions of United States insurance companies with insurers resident abroad, 1952-1959, by specified countries

					(in	millio	ns of d	ollars)								
	Net	premiu	ms paid	on rei	nsuranc	e ceded	to abr	oad	Loss	es reco	vered f	rom abr	oad on	ceded r	einsura	nce
	1959	1958	1957	1956	1955	1954	1953	1952	1959	1958	1957	1956	1955	1954	1953	1952
All areas	254.5	241.g	234.2	207.9	207.1	212.7	170.6	152.9	183.1	168.1	179.5	146.3	160.0	153.6	119.8	100.7
Western Europe, total Switzerland United Kingdom		233.0 20.4 205.1	225.6 18.0 201.3	201.5 16.6 177.7	201.8 16.1 180.6		165.4 17.4 143.4	148.6 15.3 129.3	175.6 17.9 150.8	160.7 16.0 138.5	172.6 14.6 153.0	141.5 13.8 124.2	12.1	149.9 13.7 133.3	115.6 13.9 99.3	97.2 11.3 83.7
Other	8.3	7.5	6.3	7.2	5.1	3.0	4.6	4.0	6.9	6.2	5.0	3.5	3.3	2.9	2.4	2.2
Canada	3.6	3.3	2.9	2.4	2.2	2.1	2.2	2.0	2.1	2.7	3.4	2.8	2.2	2.3	2.5	2.5
Latin American Republics	3.4	2.8	3.0	1.9	1.7	1.5	2.1	1.6	3.3	2.2	1.9	1.0	1.2	.7	1.0	.6
Other Countries	2.6	2.7	2.7	2.1	1.4	1.5	•9	.7	2.1	2.5	1.6	1.0	.8	•7	.7	•4
		Net	premium		ved on		rance			Loss	es paid	to ab	road on	assumed	reinsu	rance
All areas	56.2	54.5	4g.0	38.6	33.0	29.2	28.3	21.4	47.3	40.0	32.1	27.7	21.9	19.4	17.4	13.2
Western Europe, total United Kingdom	33.5	31.0 17.9	26.8	20.0	16.9	15.7	14.1 10.8	11.1 g.4	31.7	23.6	18.9	17.9	13.1	10.9	10.5	7.6
Other	12.4	13.1	11.0	6.7	h.g	3.6	3.3	2.7	11.6	9.3	7.2	5.6	3.1	2.6	2.7	1.6
Canada	9.6	9.0	9.4	8.8	5.3	4.1	4.2	3.5	5.4	5.7	7.4	5.4	3.3	3.2	2.3	2.1
Latin American Republics	9.6	10,8	8.3	7.0	7.3	6.3	7.3	3.7	7.7	8.1	4.1	3.1	3.1	3.9	2.8	1.9
Other Countries	3.5	3.7	3.5	2.8	3.5	3.1	2.7	3.1	2.5	2.6	1.7	1.3	2.4	1.4	1.8	1.6

U.S. insurers paid \$254.5 million to foreign insurers for reinsurance in 1959 and recovered \$183.1 million in losses, according to the annual report on reinsurance transactions between domestic insurers and insurers abroad. The report has been published by the bureau of foreign commerce of U.S. Department of Commerce since 1950.

Since 1952, increases in the amount of premiums paid to foreign reinsurers have been the general rule. In 1952 the amount was \$152.9 million, in 1953 \$170.6 million, 1954 \$212.7 million, 1955 \$207.1 million, 1956

#### Two MDs On Rising Health Care Costs Symposium At HIA Group Insurance Forum

Two doctors, one from a state medical society and the other a former president of American Hospital Assn., will discuss "The Rising Costs of Health Care and Their Effect on the Future of Voluntary Health Insurance" in the symposium of that name at the group insurance forum of Health Insurance Assn., Feb. 13-15, at New York. The symposium will be held on Monday morning after the keynote address by HIA President Millard Bartels, chairman of the insurance executive committee Travelers

Symposium members will be Dr. Matthew Marshall Jr., chairman of the liaison committee of the 10th councilor district of Pennsylvania Medical Society; Dr. Russell A. Nelson, director of John Hopkins Hospital and immediate past president of the AHA, and Gordon N. Farquhar, secretary, group division, Aetna Life. A. W. Randall, vice-president Mutual Benefit H.&A., will moderate the panel.

#### UM Pays \$15 In N.J.

The \$15 fee paid in New Jersey by the motorist who cannot exhibit evidence of liability insurance when he secures his automobile registration will be continued the next fiscal year, beginning next June. The fee goes into the state's unsatisfied claim and judg- of Spartanburg, S. C.

\$207.9 million, 1957 \$234.2 million, and foreign funds. 1958 \$241.8 million.

Because the Department of Commerce's concern is with the effect on the current balance of payments represented by these international reinsurance transactions, the reinsurance surveys are not intemded to measure net profit or loss on the transactions as measured by insurers. They are aimed rather at measuring the movement of funds to and from the U.S. For instance, the department regards reserves maintained in the U.S. by nonadmitted foreign companies

ment fund. According to W. Lewis Bambrick, manager of the fund, at the end of the last fiscal year, June, 1960, the fund had paid out slightly more than \$1.5 million in claims.

#### Home Owners Of Dallas Incorporation Approved

Commissioner Harrison of Texas has approved incorporation of Home Owners Ins. Co. of Dallas. The company will write fire and casualty lines and proposed capital is \$200,000 and surplus is \$125,000.

Among the incorporators are Barney Vanston and his son, Ed F. Vanston, of Dallas. They formerly operated the Vanston managing general Barney agency there.

#### Wolsfeld Retires At Mason City

John J. Wolsfeld, general agent for Mutual Benefit H.&A. at Mason City, Ia., since 1944, and a veteran of 30 years' experience in the insurance field, has retired. President V. J. Skutt was guest speaker at the rebe replaced by John Sudby, presently general agent at Storm Lake, Ia.

#### Kennedy In S. C. Field

Atlantic Mutual Fire, Savannah, has appointed Peyre G. Kennedy Jr. special agent in South Carolina. He was previously with First Mutual agency

The department notes that the 1959 net receipts (excess of premiums over losses) of foreign companies on U.S. reinsurance business was \$71.4 million, reduced by \$8.9 million of premiums received by U. S. insurers on reinsurance accepted from foreign insurers. The \$8.9 million figure is the result of deducting \$47.3 million of losses from \$56.2 million in premiums on reinsurance assumed from abroad. In 1958 the "net" of foreign insurers on U.S. business was \$59.2 million.

British reinsurers got approximately

84% of the total of exported U.S. reinsurance dollars, a figure that is about the same for the previous postwar years. British reinsurers received \$213.5 million in 1959 and Swiss rein-

surers \$23.1 million.

The amount of reinsurance assumed from abroad by U. S. companies, though much smaller in amount than that ceded abroad, also has been growing steadily since 1952. Net premiums of \$56.2 million received by U. S. insurers in 1959 from foreign reinsurance assumed were 2.6 times that received in 1952.

#### Maguire A&S Agencies' **Head Of National Fire**



L. J. Maguire

Lincoln J. Maguire has joined National Fire as superintendent of A&S agencies. He has had 15 years' experience in health insurance and most recently has been superintendent of individual lines production of American Casualty.

#### Folsom Industrial Indem. **Executive Special Agent**

Industrial Indemnity has appointed MacGregor Folsom executive special agent in charge of producer development and market research at San Francisco. He went with the company in 1953 as assistant advertising manager and in 1956 became advertising tirement luncheon. Mr. Wolsfeld will manager. Since 1959, he has been in a production capacity at Oakland.

#### San Francisco Women See Film

A traffic safety film, "Signal 30," was shown at the January meeting of Francisco Women's Insurance San Assn. Capt. Edward Mooney of the California Highway Patrol was

#### Westerlage, Weber Named To American Mercury Posts

American Mercury has named Henry W. Westerlage southwestern representative at Dallas and Barney southeastern representative at Pompano Beach, Fla. The appointments are effective in March.

Mr. Westerlage, with 12 years in the business, until recently owned and operated an aircraft insurance agency in Dallas. Before that he was with United Services Automobile Assn. Mr. Weber has had 10 years experience with Ohio Casualty, American Reliable, and National Insurance Underwriters.

#### Riggs Joins Camden In Ind.

Walter F. Riggs, who has been in the Indiana field for some time with Crum & Forster, has joined Camden as special agent in Indiana, associated with James W. Ray, manager, with headquarters at Indianapolis.

#### Want School Bus Limits Raised

COLUMBUS-Among the first bills tossed into the legislative hopper of the current general assembly was one to increase the limit of liability insurance for school busses from \$100,000 to \$300,000.

Automobile Underwriters Club of Philadelphia heard Edward Hogan, publicity director for the Philadelphia Eagles, at the January meeting.

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## More Competition, Mergers, O'Mahoney Seen Ahead In 1961

(CONTINUED FROM PAGE 1)

is that in the area of competitive problems there will be more of the same. Up to now much of the so-called modern competition has been conversation, ideas, and planning. The scene is now pretty well set and the climate is pretty well ripened for competition that hurts. In the personal lines, home-

#### Continental Companies Have Jr. Engineers Club

A Junior Engineers Club has been formed by Continental Assurance and Continental-National group to keep children of employes and other interested persons informed of the progress of the new Continental Companies Building in Chicago.

Membership in the club is acquired by sending a postcard to the company and the junior engineers receive a bulletin each month detailing the month's

Progress in construction.

Originated by Ralph Stow, public relations director Continental Casualty, the idea has proven extremely popular, and, in fact, has been adopted Jim Beam Distillery, currently putting up a new distillery in a southern state.

#### Sale Of Expirations **Held Capital Gain**

Sale of expirations was held taxable as a capital gain in a November case, Aitken vs Commissioner, 35 T. C. 29. The government wanted the transaction taxed as an "ordinary income"

Commenting on the case, Bradley J. Schaeffer, secretary Dayton Fire & Casualty Underwriters, pointed out that the tax court was guided in its decision by the contract. This, according to Mr. Schaeffer, also a prominent attorney in Dayton, emphasizes the importance of a correctly drawn docu-ment in the sale of an agency.

#### Field Men Tour Steel Plant

About 50 members of Cook County Capital Stock Insurance Assn. last week toured the United States Steel plant at South Chicago. Members left the Insurance Exchange Building by chartered bus and spent a morning watching a steel plant in operation.

Gale, Smith agency of Nashville has elected William H. Crawford and John A. Witherspoon partners. Mr. Crawford, secretary, joined the agency in 1953, and Mr. Witherspoon, in charge of research and development, joined the firm in 1956.

and good driver discounts will come acquisitor. to be fully reflected in the premiums agents and companies take in-if they keep the business. The package ideabroader coverage and lower ratesfor choice commercial risks such as apartments, motels, institutional properties, and the like, will begin to be felt during the year.

Such controversial issues as direct billing may fall into the background as companies and their agents get down to a toe-to-toe struggle to see who gets the business. There will be less talk about "direct writing" competition as every company becomes a hot competitor of every other company, whatever the kind.

The close scrutiny of manpower for ability, energy, and direction will go on within company ranks and in agencies. Agents will continue to examine and re-examine their company connections, and insurers will continue to study the individual units in their agency organizations. The trend will continue toward representation of fewer insurers by agents. There will be more encouragement by companies of agents who produce the most business of the best kinds at the lowest cost to the companies.

#### Less Invective?

Perhaps there will be less indignation and invective on both sides, companies and agents, than there has been in recent times, as many changes, dictated by competitive necessity or planning wisdom, make their appear-

companies and agencies to watch are those that work the most closely together and accord each other the most respect-for real virtues.

It is believed by some observers that 1961 will see so many mergers and merger maneuvering that it will make 1960 pale into insignificance. The state of the general economy will exert its influence here. Some of the companies that have been unable to get lined out to meet the problems that face the fire and casualty business today have been able to keep going because of the earnings of other businesses and institutions, via investments.

The inability to get to be, successfully, multiple line, still is exerting pressure in the direction of combinations. Much of the impulse toward merging, however, has become and will continue to be protective. Companies that regard themselves, for one reason or another, vulnerable to takeover, want a voice in their destinies, which they believe they can express

owners and automobile, rate decreases by acquiring or by selecting their

Mergers are tough (and rough) at best: at worst they can and will produce substantial realignment of man-

#### See More Open Competition

The O'Mahoney bill for rate handling in District of Columbia (and variations of it that have been suggested) is expected to have a material effect from what source to buy it.

on moving the states in the direction of more open competition. The bill, if and when it is adopted in D. C. or elsewhere, will be the opposite of ex post facto. In many places the insurers already are doing what the O'Mahoney bill seeks to induce them to do.

In all, 1961 will be full of events and changes. Some companies will develop, some deteriorate, and a few will disappear. But the product will continue to be one which the public has a remarkably small option not to buy and a remarkably large option



# smoke loss in gift shop

Washington's Pentagon Building had its own fireworks display last 4th of July. When a smoldering fire was discovered in the underground file vaults, firemen broke through the flooring of the store directly over the vault area in order to reach the flames. The trapped smoke escaped into the store, impregnating merchandise, fixtures and surplus stock with the sickening stench of smoke. Store management quickly asked for help and the adjuster assigned the problem to Airkem Smoke Odor Service.

Airkem S.O.S. technicians went into action immediately and worked throughout the long week-

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end. The entire area was treated until no trace of smoke odor remained and a "fire sale" was avoided. Doors were opened for business as usual only one hour late on the next business day!

Such fast, dependable rescue work by Airkem S.O.S. personnel is typical. Every day this prompt service is being used by the insurance industry to reduce the size of losses in business and residential fires, to hasten settlement, and to ease many of the difficulties encountered in loss adjustment.

Backed by the world's largest odor research laboratory and staffed by skilled experts, Airkem Smoke Odor Service is available throughout the United States, Canada and most of the world. Write today for information on how you can help your policy-holders (and yourself) by recommending Airkem S.O.S. in all emergencies.



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# Plan the protection with these values in mind



• Jewelry, silverware, furs, cameras, sports equipment, other valuable articles. Many of your clients and prospects have a fairly large investment in these classes of personal property—one they want to protect.

It's good reason to recommend that the Personal Articles Floater be carried. No other policy provides the same "all risks" protection on these valuables. Moreover, it can be written to round out the coverage of any of the homeowners' package forms. In short, this inland marine floater

In short, this inland marine floater offers special opportunities to producers who want to go a step beyond the basic package plans—by broadening coverage, providing better value to clients. If you use this sales approach, point it up with the solid advantage that our service facilities can give in building inland marine volume from personal and business sources.

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#### McKimmon To Dallas For Great American; Houldin, Young Named

Great American has named Henry H. McKimmon manager of the southwest department at Dallas to succeed Wright McCartney, resigned. Mr. McKimmon has been assistant manager of the Virginia-Carolinas department at Raleigh. Before that he had field experience.

Named as special agents are William M. Houldin Jr. at Portland, Me., and Luther C. Young Jr. at Jackson, Miss.

#### Grand Award Winners Named In NFPA Contest

Martinsville, Va., and Hamilton, Ont., have been named the 1960 grand award winning cities in the National Fire Protection Assn. fire prevention contest. The awards, for which almost 1,800 entrants from the U.S. and Canada competed, are based on year-round efforts to reduce fires and to promote education on fire safety in the home and on the job.

Six additional grand award winners in other divisions of the contest were Guide Lamp Division of General Motors, Anderson, Ind., for industry; Veterans Administration Center, Los Angeles, for government; Fort Lewis, Washington, for U.S. army; marine corps recruit depot, Parris Island, S.C., for U.S. Navy; Ramey air force base, Puerto Rico, for U.S. air force, and RCAF Station Uplands, Ont., for the Department of National Defense of Canada.

Lesser awards in the contest went to other cities, industrial firms, government agencies and military units.

#### N. J. Agents' Classes To Start Feb. 16 In Newark

Spring classes for the school of insurance, conducted by New Jersey Assn. of Insurance Agents, will open Feb. 16 in Newark. The classes will be held Monday and Thursday evenings during the spring semester which runs through May. The course includes 116 hours of instruction in many phases of property, casualty, A&S and life insurance. The course is accredited by the state insurance department under the agents' qualification law.

The classes will be held at the home office of American in Newark. Applications and inquiries should be made to the executive office of the agents' association at Military Park Hotel, Newark.

#### New York Agents Reelect

New York City Insurance Agents Assn., at its annual meeting, reelected Stephen Amann, Hall & Henshaw, president; Julius L. Ulman, W. L. Perrin agency, vice-president; and Alfred I. Jaffe chairman.

Herman C. Frese has joined Harleysville Mutual Casualty as assistant controller. He was formerly controller of His Nibs Shirt Corp., budget analyst of Teledynamics of Bosch Arma, and tax administrator of Girard Corn Exchange Bank.

Robert L. Davis and James H. Fristoe have formed Davis & Fristoe agency in Nashville. They were partners in Cooper, Love, Davis & Fristoe. The new agency will continue as managing underwriters for Lee Davis & Associates, headed by Mr. Davis' father.

#### New Vice-Chairman Of Central National Group: Four Others Promoted

J. Earl Thompson, president of Central National group, has been promoted to board vice-chairman.

Clarence L. Landen Jr., executive





J. Earl Thompso

Clarence L. Landen Jr.

vice-president, has been named president of Central National and Protective Mutual.

Norman T. Carson, president of Central National group, has been named executive committee chairman of the group, and Robert F. Dahms and Roger D. Peterson have been named assistant vice-president and assistant secretary, respectively, of the group.

#### Looking Backward With Jacobs

Starting the new year under a new president, James F. Conway, Maryland Casualty, Casualty Adjusters Assn. of Chicago heard Wyatt Jacobs, of Jacobs, Miller & Lederleitner, Chicago, present an amusing and nostalgic backward look through the years.

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#### H. J. ROBERTS, Manager - Insurance

All inquiries and contacts are confidential.

# AVAILABLE EXCESS SURPLUS LINE MARKET

Multiple line excess surplus line company wants aggressive, knowledgeable surplus, line producers in all states. Large volume not necessary. Good commission. Binding facilities, Write NY-50, National Underwriter Co., 17 John St., New York 38, N. Y.

Casualty claims man, age 30s, 10 years multiple line company experience in branch claims office as adjuster and manager, college and law school graduate, seeking advancement with reliable and progressive employer, prefer west or midwest location, salary range \$8500. Write W-4, National Underwriter, 175 W. Jackson Blvd., Chicago 4, 111.

Texas Board KOs Petrochemical Rate Schedule At Hearing

AUSTIN—A proposed rate schedule for petrochemical companies was turned down unanimously by the Texas board here after a hearing which lasted about one hour.

The schedule rejected is the one that made its first appearance at the fire hearing here last spring and was explained at that time by John Hommes, Western Actuarial Bureau, Chicago, whose organization prepared it for Texas Insurance Advisory Assn. Pe-trochemical industry representatives at that time asked for a year's delay, but then said they could prepare their studies sooner, which accordingly led to this hearing.

Norris Parker, TIAA manager, pre-

sented the schedule and noted that it was being used in 35 to 40 states and could be used in Texas. He said the board had to choose whether to permit the present practice of using named rates to continue.

Will Davis, local attorney for Petro-Tex Chemical Corp. of Houston, was the principal opposition spokesman and said Texas could not blindly accept rates suggested by bureaus and agencies. He said the state should collect its own statistics and make its own rates. He warned that this may even fall short in dealing with an industry as rapidly growing as is the petrochemical business.

Mr. Davis and other opposition speakers termed the proposed sched-ules "ambiguous, incomplete and subject to varying interpretations." They said adoption would increase rates which they termed adequate at present.

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Replies will be held in strictest confidence.

A growth career in the field of Insur-

ance Agency Automation is offered to a

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will direct our special activity in develop-

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Located South Central Michigan—14 years in Area—Annual Commissions \$32,000.00— Some seasoned commercial and industrial accounts—current agency contracts with old line, reliable companies—family obligation necessitates owner move—present owner will associate during transition—senior office girl registered agent—Sale Price \$56,000.00.

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Experienced in Casualty-Life-Accident & Health-Group and Pension Insurance. Would be ideal actuary for a Casualty

Would be ideal actuary for a Casualty company with a Life company affiliate or for a Life-Casualty-Fire insurance company fleet. Reply to V-87, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITER

Experienced casualty underwriter. Prefer home office trained specialist in aviation, automobile, Workmen's Compensation, long-haul truck, taxi, etc. Background in aviation not essential. Must know experience and schedule rating. Excellent opportunity for right man. Submit detailed resume and willingness to relocate to V-85, National Underwriter, 175 W. Jackson Blvd., Chicago 4. Illinois.

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A growing and aggressive old established multi-ple line organization located in the South offers ple line organization located in the South offers an excellent opportunity for a young ambitious person with experience in office management, personnel, purchasing, supply and file proce-dures. Write Box V-74, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., giving name; age, experience, education, salary expected. All replies will be kept in confidence.

ASSISTANT CLAIMS MANAGER ASSISTANT CLAIMS MANAGER
Excellent opportunity for right person to join
one of Midwest's leading casualty companies.
Applicant must be licensed attorney, under 45,
and have strong background in supervising
multiple line claims with some management experience. Location is small Ohio city with outstanding schools, churches, and recreational
facilities. Write V-80. National Underwriter, 175
W. Jackson Blvd., Chicago 4, Illinois.

Are you dusting off your snow shovel? We're not. Do you want your prospecting problem solved once and for all? Contact the General Agent, Post Office Box 874, Phoenix, Arizona.

OHIO SURPLUS LINE BROKER WITH EXTENSIVE AGENCY FOLLOWING DESIRES NON-ADMITTED MULTIPLE LINE COMPANY FOR SMALL SUBSTANDARD LIABILITY, FIRE, AND BURGLARY LINES. CAN OFFER SIZEABLE VOLUME AT ATTRACTIVE RATES. REPLY TO V-98, NATIONAL UNDERWRITER, 175 W. JACKSON BLVD., CHICAGO 4, ILLINOIS.

EASTERN PENNSYLVANIA FIELD OPPORTUNITY

If you are a capable salesminded field representative build your future with a strong mutual multiple line company. Now expanding their Pennsylvania operations. Submit background data and salary requirements. Write V-96, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

**Commercial Sales Representative** 

Progressive multiple line stock company needs direct writer of commercial accounts. offers unusual opportunity to proven producer. Desire man 30-38 with college and CPCU background. Furnish complete resume self and abbreviated resume wife along with recent photograph. Send to V-70, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SPECIAL AGENT

Field man wanting a growth opportunity in a rapidly expanding mutual Group is needed to handle productive Midwest terredeed to notate productive Midwest territory. Minimum two years college and three
years multiple line experience in field. Car
and travel expense. Merit increase program.
Young management with forward ideas.
Write about these positions to V-81.
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WISCONSIN AGENCY, LOCATED CITY, 30,000 POPULATION, STOCK COMPANIES ONLY, OWNER WOULD REMAIN TO ESTABLISH BUYER, AND CONSIDER PARTNERSHIP, PREMIUMS ANNUAL—\$75,000.00.

Write to V-90, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Managing general agency is in need of a company that desires to write Sub-Standard Auto and a company to write Standard Fire and Inland Marine business in the State of Indiana. Field representation covering entire state. Write to V-95, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Agency Office Experience

A young man well grounded in independent agency office experience. To right man a large Eastern Multiple Line Company offers a transfer and an opportunity in what would be an entirely new field as a Methods Analyst. In this capacity he would when qualified by further training, assist in developing this Company's method and Systems, particularly those that impinge on agency practices.

All replies, together with detailed resumes of education, experience, salary requirements, should be sent to V-97, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CLAIMS **ADMINISTRATOR** 

Analytical ability, creativity, heavy experience in full line automobile claims work and a penchant for statistics are the most important of the qualifications you'll need to handle this unsually fine opportunity. As a staff member of management you will advise and assist in policy formulation and will be responsible for the continuous series and improvement of claim hands. tormulation and will be responsible for the con-tinuous review and improvement of claim han-dling and administrative techniques. Age 30-45. Midwest location. Salary \$7,800 up. Send resume including work background, personal data and education to Box Y-49, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

INSURANCE ACCOUNTANT

Established midwest multiple line insurance company offers unusual apportunity for experi-enced insurance accountant and analyst to join Home Office management team. Age to 40, Home Office management ream. Age to m, with at least five years experience in all phases of insurance accounting, annual statements, statistical reports, etc. Some knowledge of IBM systems desirable. Salary entirely open and commensurate with experience and ability. Replies should indicate education, previous expe-rience, and other pertinent data. Replies re-spected in strictest confidence. Write to V-84, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SAFETY ENGINEER

A large multiple line insurance company is in need of a qualified and experienced safety engineer to handle its business in Louisiana and Mississippi with New Orleans headquarters. Age between 25 and 40. Good salary with excellent fringe benefits including retirement pension. Automobile furnished. Give full particulars and references in confidential reply. Write to V-89, National Underwriter. 175 W. Jackson Blvd. Chicago 4, Illinois.

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General Agency serving over 300 Indiana

local agents needs Fire Company General Agency contract. Reply to V-76, National Underwriter, 175 W. Jackson Blvd., Chicago

4. Illinois.

WANTED-IMMEDIATELY! 2 Qualified Fire Protection Engineers

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Fire Dept. of multiple line Insurance Company in Baltimore desires Manager for Fire Dept. of Home Office. Field and Home Office experience essential. Salary commensurate with ability and experience. Write V-78, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SAFETY ENGINEER

Desires Florida opening. Young married man with over 12 years experience in all casualty lines. Best of references, both work and per-Write to V-88, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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# MIIS Elects Rockwell, Refutes Blackford On WC Trend Factor

LANSING—Michigan Insurance Information Service has elected Edward G. Rockwell, Detroit Automobile Inter-Insurance Exchange, chairman for 1960 succeeding William A. Wickham, Standard Accident. Elmer P. Simon, Frankenmuth Mutual, is the new secretary, and Charles Eberhard, National Casualty, becomes treasurer.

Elected to serve with the officers on the executive committee are C. C. McGuffin, Michigan Mutual Auto; L. H. Sanford, Preferred; E. G. Poxson, Michigan Mutual Liability, and Mr. Wickham.

Lee Matthews was continued as general manager of the public relations organization which has been credited with generating keener public consciousness of the relationship between losses and insurance rates.

MIIS, which provides factual material for speakers, last week countered Commissioner Blackford's recent defense of the state supreme court's liberal workmen's compensation law decisions. The commissioner had earlier refused to approve a requested 13.7% rate increase, allowing instead a 7% boost, claiming no concrete support was offered for the argument that liberal decisions were substantially increasing losses.

There has been a rising loss trend ever since the court began "applying a new philosophy to workmen's compensation law in 1957" and the recent request for the higher rate was a legitimate matter of "judgment rating" in

order to prevent the almost inevitable sapping of reserves not yet fully reflected in actual loss adjustments, MIIS states.

"Experienced underwriters," it was noted, "are reasonably able to gauge whether the future cost effect may be sudden or gradual, heavy or moderate . . . Use of trend judgment . . . is provided for in the insurance rating law And since rates normally are adjusted only once a year, whenever judgment has indicated that court decisions would create substantial extracost within the ensuing year, attempt has been made to keep the rates at least partially geared to the trend."

#### Trend Clearly Evident

MIIS comments that existence of a trend was clearly evident from the inception of the "new philosophy," with 1958 losses absorbing a 5% "judgment" loading and showing need for an added 13.4%. A detailed analysis was provided the department then to back up the rate request. In 1959, losses had absorbed the combined 18.4% of judgment rating, but more damaging decisions and mounting effects from earlier ones showed need of a 6.7% judgment factor in the new rate request. It was not felt necessary again to prepare an elaborate analysis to back this judgment factor, but Commissioner Blackford declined to allow any increase not supported directly by experience.

The commissioner's charge that the industry was "giving credence to vague myths which adversely affect the business reputation of our state" and was seeking to "make the judiciary a scapegoat" was denied by MIIS, which noted that "extension of the workmen's compensation law to include the results of general health

conditions, horseplay and neurosis" would be an almost certain factor in future losses along with utilization of safety programs, incidence and severity of injury and illness claims, and insurance operating expense, the latter factors being those listed by the commissioner as requiring "close scrutiny."

#### Says Judgement Rating Justified

The fact that experience since 1957 has called for approximately a 48% increase in rate as compared with a 42% reduction over a period of prior years obviously established a trend, the statement noted, and justified use of judgment rating "because it provides the dollars with which to pay losses reasonably consistent with experience instead of two years late and thus helps to safeguard the reserves which guarantee loss payments. The insurance industry is not dealing in vague myths adverse to the state's business reputation nor attempting to make the judiciary a scapegoat. Whether losses and loss handling costs increase from legislative action, inflation, greater incidence or severity of injury or illess, or court decisions, the basic problem is the same. Every time employers are required to pay more per injury, or more people, or more often, it's going to take more

#### Special Risk Men Elect Otto Besch

The annual meeting in Chicago of Western Conference of Special Risk Underwriters was attended by 84 members and guests, an unusually good turnout. Otto Besch, Fireman's Fund, was elected chairman to succeed Howard Bleser, Hartford Fire. The vice-chairman is Clyde Winkler, Yorkshire, and Kenneth S. Ogilvie, Western Actuarial Bureau, was reelected secretary-treasurer.

New committee chairmen for 1961 are: Membership, Peter W. Freilich, Corroon & Reynolds; research and planning, Mr. Winkler; time element contracts, Will S. Ellis, Royal-Globe; interesting losses, A. A. Dreusicke, Factory Insurance Assn.; changes in rules, John Earhart, WAB; fire protection engineering, Ellis H. Doane Jr., Underwriters Service Assn.; nuclear energy, Warren S. Wilcox, Railway Underwriters; current events, R. B. Maxwell, New York Underwriters; legal decisions, A. Augustine, Great American; bureau inspection reports, Bert Aust, Hanover; multiple peril, E. W. Brockmann, Home, and arrangements, James P. Jana, Hanover.

# NAIA Firm Against No Prior Approval In Rate Procedure

National Assn. of Insurance Agents will take firm action in opposition to Sen. O'Mahoney's suggested model District of Columbia rating law. This promise was made by Cooper M. Cubbedge, Jacksonville, vice-president of NAIA, in a talk to Greater Miami Insurance Board. In an analysis of the future of rate regulation, he characterized the District of Columbia proposal as technically deficient.

Mr. Cubbedge reserved his heaviest fire for the District of Columbia model bill's elimination of prior approval of rates. He indicated surprise that National Board and Assn. of Casualty & Surety Companies at the last meeting of National Assn. of Insurance Commissioners announced agreement on certain principles, including a no prior approval feature.

#### Agents Have Sound Ground

Agents have sound grounds for objecting to elimination of prior approval, Mr. Cubbedge continued. He noted that a few states, notably California, have already eliminated this feature. However, Commissioner McConnell of California has testified that he is not sure that he has a sound basis under his law for stopping a rate war, if one should develop, Mr. Cubbedge declared.

He set forth a number of points on what elimination of prior approval under the District of Columbia bill would entail if carried forward as a pattern for state regulation:

1. The all-industry bills require that the commissioner review rate filings in advance to determine whether they meet the requirements of law. This mandate is implemented by a waiting period before a filing can become effective. The District of Columbia bill would eliminate this waiting period and confer upon insurers the right of immediately using rate filings, NAIA believes that the public interest and the solvency of the business necessitates prior review by a commissioner of the reasonableness and compliance of rates with state law.

2. If a rate law denies the commissioner the right to review a rate before it takes effect, NAIA believes the rights of the public and the business will not be suitably protected. Good reasons are obvious in the public interest. For example, when a rate is charged which thousands of citizens of a state will be required to pay, why should not the commissioner, as the



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representative of the public, have the Life Insurer Plans opportunity and duty to review its reasonableness before the rate takes Direct Writing Of Fire

3. A number of technical aspects are involved. For example, if a rate is subsequently disapproved after having been in effect for a period of time, what would then take its place? Obviously, a company would have to refile immediately, possibly with only minor modifications. In order to keep continuity of rate filings under the all-industry bills, a rate filing, when ap-proved, supersedes previous rate filings. If a new rate filing is disapproved, the previous rate filing remains in effect. Under a no prior approval type of regulation, it would appear obvious that the commissioner would have no opportunity to regulate rate filings as to reasonableness, adequacy, ex-cessiveness or unfair discrimination.

#### Greatest Concern Voiced

4. The greatest concern, however, in widespread no prior approval rate laws is the encouragement of rate wars. If "dog eat dog" competition becomes the pattern of operation, the clock will have been turned back many years. The result, NAIA believes, would be insolvency of insurance com-panies, particularly the smaller ones, or in the alternative many mergers of the less successful or less fortunate companies with their larger competitors. The end result of this practice would be a tendency toward monopoly by a few giants in the business. Ironically, this is the very result which the Senate sub-committee on anti-trust and monopoly would wish to avoid.

Mr. Cubbedge declared that NAIA is firmly committed to state regulation of the business and that it will support rating laws which are geared Topic At Agent Regionals to the geographic and economic needs of the individual states.

#### Freilich Heads Advisory Council Of Ill. Federation

Insurance Advisory Council of Insurance Federation of Illinois has been activated for the 1961 legislative session with Peter W. Freilich, Corroon & Reynolds, as chairman; W. W. Chalmers, Zurich, vice-chairman, and Florence M. Manson of the federation as secretary and treasurer.

The advisory council is a unit of Insurance Federation of Illinois, having as its purpose the review of legislation effecting insurance in the state. Ralph D. Jones, Continental Casualty, is president of the federation.

Twenty-five trade organizations in the state serve as delegates on the advisory council.

(CONTINUED FROM PAGE 2)

companies, which are called direct writers, also have affiliated companies which sell life insurance. Their agents work only for the one group, and are not permitted to represent other companies. Direct writing companies, because of their distribution system, have been able to operate at lower expense rates than the expense rates of the American agency system companies, and because the agents of the direct writing companies work exclusively for them, these companies can, in our opinion, exercise more stringent underwriting controls than are possible under the American agency system of operation. The lower expense rates and the more stringent underwriting con-trols have enabled the direct writing companies to use lower premium rates, to select their policyholders from among the preferred risks, and to operate at a profit. It has also followed that these companies, since they have exclusive control of their field organizations, have been able to direct their agents to select the type of risk which the companies were willing to insure.
"The field of direct writing of per-

sonal fire and casualty coverages may be an area in which our company could use its distribution system to further advantage. We have employed an experienced fire and casualty executive (Richard E. Farrer, formerly vicepresident Cascade of the United Pacific group of Tacoma) to carry on additional studies in this field, and to prepare a proposed plan of operation."

# Cal-Vet Home Cover To Be

Developments on the new Cal-Vet home insurance contract will be discussed Jan. 30-Feb. 3 at the midwinter regional meetings of California Assn. of Insurance Agents. Other topics include alleged unfair practices by lending institutions, the 1961 legislative outlook, continuous policies and direct billing, and the 1961 national advertising program.

President Jack C. Schroeder, Chico, will appear at meetings in the central section of the state. These will be at Bakersfield and Visalia, Jan. 30; Fresno and Merced, Jan. 31; Modesto and Stockton, Feb. 1; Aptos, Feb. 2; and Monterey, Feb.3.

Meetings in southern California will be at Santa Barbara and Long Beach, Jan. 30; Los Angeles and Santa Monica, Jan. 31; Burbank and Redlands, Feb. 1; Covina, Feb.2; and Mission Valley, Feb.3. Vice-president Harry R.

Schroeter Jr., Oakland, will represent Dominion Establishes the association.

will be addressed by Secretary-Trea-surer Gleeson Payne, Pasadena. These will be at Marysville and Auburn, Jan. 30; Sacramento and Chico, Jan.31; Napa, Feb. 1; Berkeley and Palo Alto, Feb. 2; and San Leandro, Feb. 3.

#### **Blackford Reports Everyone** Opposes Blue Rate Hike

LANSING-Commissioner Blackford has stated that the department is receiving its heaviest mail in history, about 150 letters a day, 100% in opposition to the proposed rate increase for Michigan Blue Cross and Michigan Blue Shield. A hearing on the request is scheduled for Detroit on Feb. 7.

Blue Cross wants 22.4% more and Blue Shield 13.5%. Formal endorsement for the increases has come from Michigan Hospital Assn., which terms them "absolutely necessary." Without the additional money "every community hospital in Michigan will be in financial chaos, since half their income quarters at 1023 Blue Lakes Boulevard comes from Blue Cross," according to Dr. Roger Nelson, president of MHA.

The northern California conferences \$1 Million U.S. Trust

Dominion Ins. Co. of Edinburgh has established a trust fund in the United States as security for its U. S. policy-holders. The amount of the trust fund is \$1 million. The trustee is Marine Midland Trust Co. of New York City.

#### Three New NAIIA Members

Allan & Cook, Eugene, Ore.; Fives Adjustment Service, Bozeman, Mont., and Frost & Hansen, San Francisco, have joined National Assn. of Independent Insurance Adjusters, bringing the membership to 460 independent adjusting companies in the U. S. NAIIA members operate more than

1,000 offices in nearly 600 cities. H. T. Dahl & Co. of Chicago, under the ownership of Russell H. Potts, step-son of Hans Dahl, who died last August, will continue as a member.

North. Carl Gavin is manager and resident adjuster.



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# **Editorial Comment**

#### How Will They Get Out To Sea?

More and more companies are estab- long occupied themselves. lishing marketing departments to dito look that far for problems. These people. may be plentiful right on the prem-

sell the idea of a marketing unit to hard bitten underwriters and traditionally trained production men. The task of selling the new unit and getting key men to cooperate in its efforts will be accentuated when an outsider is brought in as head of the department or when a man who has been in agency work is installed as the new "marketing" whiz. The veterans, particularly in underwriting, may still prefer to play the marketing game "by ear."

Where the president of a company has taken an active part in marketing reorganization and keeps his finger on the situation, or when he has delegated a top executive to do this for him, problems will be alleviated. The old guard will more likely fall into line, but even then perhaps not without a struggle.

Assuming that the new unit can be sold at the home office, there are further formidable hurdles to clear. Resident vice-presidents and branch managers in outlying cities have long enjoyed pleasant autonomy in operations. Among other things, they contend that they "know more about market conditions than any expert from the home office." They may resist what they regard as interlopers in their domain. Each one has a "different" marketing situation and is sure to stress it.

Finally, the field men as a whole are not likely to take too kindly to an abrupt transition in duties which will put the stress on sales drive and performance rather than on the humdrum

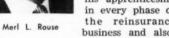
After all this internal opposition has rect determined efforts to meet com- been overcome, company managements petition. Some of the managements of can concentrate on selling their new these companies are probably con- marketing departments and their prodcerned by the attitude agents and the ucts to agents. They may be surprised public will take toward these new to find the latter more receptive to divisions and the products they turn new methods of operation and innovaout. But management may not have tions in product than are their own

Everyone remembers the old chestnut about the fellow whose heart's For example, it may not be easy to desire was a boat in which to put to sea. He built one-in his cellar workshop-and could not get it out to water. Is it possible that some companies are building marketing departments in such an internal fashion that they will never set sail on the marketing seas?

# Personals

Merl L. Rouse, who has succeeded the late E.L. Mulvehill as president of

American Re, entering his 33rd year in the reinsurance business. He began his career in 1928, at the age of 19, with Inter-Ocean Reinsurance at Cedar Rapids. With that company he served his apprenticeship in every phase of the reinsurance business and also



gained experience in the direct busisince Inter-Ocean Reinsurance was then active as a primary insurer of hail on growing crops. In 1934, Mr. Rouse was sent to New York where he handled all Inter-Ocean Reinsurance affairs in the facultative and treaty business. With this background he joined American Reserve in 1946 as as vice-president and became active in all phases of the fire reinsurance busformance rather than on the humdrum iness. He progressed to president of technical tasks with which they have the company in 1953 and held that of-

Mr. Rouse has been a traveling executive since his early days in the business. He has attended all but one meeting of National Assn. of Insurance Commissioners since 1935 and has been a familiar figure at every insurance meeting and convention of national consequence for many years. American Re bought a controlling interest in American Reserve in 1948, and subsequently, as vice-president and then executive vice-president of Amercan Re, Mr. Rouse has devoted his attention to multiple line reinsurance. He has continued his travels throughout the U.S. in the production and servicing of reinsurance accounts and since 1950 has made a number of trips to London. He brings to his new office as president 14 years of close association with his predecessor, Mr. Mulvehill, in the over-all administrative direction of reinsurance company affairs.

B. G. Gregory, executive secretary St. Louis Board, and Samuel Shaikewitz, local agent and board member, spent almost a week abroad the air-craft carrier U. S. S. Forrestal somewhere in the Atlantic Ocean as part of a group invited by the Secretary of Navy. They flew directly to the ship from Norfolk, Va.

Jack Gift of the Lyle H. Gift agency of Peoria has received the distinguished service award of Peoria Junior Chamber of Commerce for outstanding achievement, leadership and service to the community during 1960. He is also president of the board of educa-

Ralph E. Richman, Holland agent, has announced his candidacy for Democratic nomination for the state board of education. He has been active in Democratic politics in recent years, serving last year as a delegate to the party's national convention at Los Angeles.

Victor B. Levit, partner in the San Francisco insurance law firm of Long & Levit, has been selected by the editors of the city's three daily newspapers to receive the 1960 distinguished service award naming him the young man under 36 who has contributed the most for the betterment of San Francisco.

James J. Mitchell, aviation vicepresident of Stewart-Smith (Ill.), has been named U.S. air force academy liaison officer in Illinois by the Civil Air Patrol. Mr. Mitchell, a full colonel in CAP, is commander of the Illinois

fice until 1955 when American Re- wing. In his liaison post, he will carry serve was merged into American Re. out a mission of indoctrination for Illinois CAP members who have qualified for appointment as cadets to the air force academy.

> William A. Sullivan, who retired this year after serving as Washington commissioner for 28 years, was honored at a joint session of that state's legislature by being named state insurance commissioner emeritus, the first time this designation has been awarded. It was a bi-partisan move and Mr. Sullivan received a standing ovation from legislators, state officials and the public in the house galleries. He was later presented with a certificate of appreciation from the senate.

## **Deaths**

FRANCIS S. SMITH, 55, securities and tax accountant of America Fore Loyalty group, died at his home in Woodhaven, N. Y. He joined the group in 1921 and was named accountant in 1929, statistician in 1935 and securities and tax accountant in 1956.

STANLEY E. WALL, 62, retired manager at Grand Rapids of Auto-Owners, died after a long illness. He was a brother of L. J. Wall, secretary of Auto-Owners, and Raymond F. Wall, an agent at Lansing. Their father, the late Frank Wall, was an officer for many years of Auto-Owners, serving as secretary and vice-president. L. J. Wall was in charge of Auto-Owners at Grand Rapids from 1929 to 1946, subsequently going with the J. A. White Distributing Co.

THOMAS F. GRAHAM, 70, retired bond superintendent of Fidelity & Casualty at Milwaukee, died at Anaheim, Cal. Mr. Graham was a past president of Surety Assn. of Wisconsin. He was with F.&C. at Milwaukee from 1940 until he retired in 1957.

E. BROOKS SLOAN, retired superintendent of the automobile depart-ment of Aetna Casualty at Atlanta, died at his home in Lithonia, Ga. He had been with the company for 32 years when he retired five years ago.

GEORGE W. DAINGERFIELD, 90. an agent in Tappahannock, Va., for more than 50 years, died at his home there. Prior to going to Tappahannock in 1900, he was a general agent in Richmond.

HENRY E. SLACK, 81, retired Texas state manager of National Casualty at Dallas, died at his home there after a short illness.

ISAAC LOEB, 92, Cincinnati broker, died in his sleep. He joined the Laws agency in 1913 and Earls-Blaine in 1922. He was an active producer until the day of his death.

ROY McKITTRICK, 72, who as attorney general of Missouri brought proceedings in Missouri supreme court to oust 127 stock fire companies on charges of monopoly and bribery of the late superintendent R. Emmet O'Malley, died at Phoenix. Mr. McKittrick was the only man ever elected attorney general of Missouri three times. He was admitted to the bar in 1909 and almost immediately became prominent in Democratic party circles. After serving as city attorney for Salisbury, he was elected prosecuting attorney for Chariton County in 1914, serving in that post until 1920. He was elected to the Missouri senate in 1930,

# THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance EDITORIAL OFFICE

17 John St., New York 38, N. Y. Tel. BEekman 3-3958 TWX NY 1-3080

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Tel. Wabash 2-2704

175 W. Jackson Blvd., Chicago 4, Ill. Wabash 2-2704 TWX CG 654



Published by The National Underwriter Co.

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175 W. Jackson Blvd., Chicago 4, Ill. Tel. WAbash 2-2704 TWX CG 654 Raymond J. O'Brien, Advertising Manager

SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. \$7.50 per year (3 years, \$20); Canada \$8.50 per year (3 years, \$23); Foreign \$9 per year (3 years, \$24.50), 30 cents per copy, back copies 80 cents. CHANGE OF ADDRESS: Enclose mailing wrapper and Post Office form 3579 with new address, and allow three weeks for completion of the change.

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serving one legislative session. He was first elected attorney general in 1932 with the backing of the late Tom Pendergast of Kansas City. He was reelected in 1936 and 1940. In 1944 he defeated U.S. Sen. Bennett Champ Clark for the Democratic nomination for Senator but lost to Gov. Forrest C. Donnell in the general election. He was defeated for the Democratic error in 1948. This course in general liability insurance course in general liability insurance. nomination for governor in 1948. This was his last try for public office.

Mr. Kittrick was pursuing, in the

quo warranto suit against the fire companies, the main purpose of proving an anti-trust violation, but the Missouri supreme court held against him on this score 100%. In the meantime, as that part of his case seemed to be only backing and filling, he turned his material over to the U. S. Department of Justice and what eventuated from that was the SEUA case.

HARRY J. ARNOLD, 53, assistant superintendent of the agency and development department of the New York office of U.S.F.&C., died of a heart attack at Poughkeepsie, N. Y. He lived at Montclair, N. J. He entered the business with A. J. Rolland agency the business with A. J. Rohand agency in Brooklyn in 1932 and joined Fidelity & Guaranty Fire in 1940. The latter company was merged with U.S.F.&G. in 1951. He was supervisor of fire and inland marine lines from 1951 until 1953 when he was named assistant superintendent of the agency and development department.

LESTER B. WHITING, 53, chief accountant of C. V. Starr & Co., died in Overlook Hospital, Summit, N. J. He had been with the Starr group since 1944, beginning with Starr, Park & Freeman in Manila. After three years in the Phillipines, he returned to the U. S. as chief accountant of the parent corporation.

CHARLES A. MOONEY, 57, of the James & Manchester agency, Cleveland, died. He graduated cum laude at Notre Dame in 1926 and entered insurance immediately. He was vice-president of Cleveland Board of Edu-

MADOE M. PEASE, retired U. S. marine manager of North British group, died after a brief illness. He lived in Westfield, N. J. He entered the business with Hartford Fire and became assistant marine secretary at New York. He later was manager and secretary of Vessel agency and in 1943 joined North British as marine underwriter. He retired from the group in 1958. He was a former director of American Institute of Marine Underwriters former chairman of Underwriters, former chairman of Tugboat Underwriting Syndicate.

# Norwich Scottish

NORWICH UNION FIRE INSURANCE SOCIETY LTD. THE EAGLE FIRE COMPANY OF NEW YORK SCOTTISH UNION AND NATIONAL INSURANCE COMPANY AMERICAN UNION INSURANCE

> COMPANY OF NEW YORK Administrative Office HARTFORD 2. CONNECTICUT

In General Liability
Undaunted by the hazards of the city's second major snow storm of the season, nearly 200 corporate insurance buyers, contractors and building owners showed up for a one-day crash course in general liability insurance for construction risks conducted by the Chicago chapter of American Society of Insurance Management.

After an introduction by the chapter's president, Frank A. O'Shaughnessy, Container Corp., Paul Kipp, U. S. Gypsum, presented the speakers who were to provide a Baedeker of the subject: Gordon Close, of Lord, Bis-sell & Brook; Walter Meckbach, casualty underwriting superintendent of U.S.F.&G., and Emmett Porter, vicepresident Marsh & McLennan. Orville Tearney, Inland Steel, spoke after dinner and did not make an appearance until just before that gastronomical orgy began.

#### A Current Bugaboo

Mr. Close, discussing the general area of contractor's, owner's and architect's liability, refinements of coverage, legal definitions and assumed liabil-ities, had some interesting words regarding that current bugaboo, the scaffolding act.

The act must be seen as the origin of six or seven different types of liability suits, Mr. Close said. Various sections of the act concern various constructional aspects; but the familiar "in charge of" wording is still the core of most of the trouble the act has caused.

Mr. Close said that while the act is not exactly new, the courts were swamped with scaffolding act claims after the now-famous decision that held that the liability obligation of the owner is non-delegable; that is, he does not divest himself of liability simply by hiring a contractor. If scaffolding is used, the owner is assumed to be aware of any defects therein and is held liable therefore.

Mr. Meckbach stuck to a policy wording type of presentation as he outlined the salient aspects of the M&C and OL&T policies, but he did have some advice with regards to ex-perience rating. Good loss ratios do not "just happen," he said. They are a matter of concentrated policy, and the results of a well-balanced, firmly carried out safety program will soon be evident

in a company's rates.

Nothing in the insurance business is impossible, Mr. Porter suggested. He said that while it does not exist at the moment, a "wrap-up" policy, from one company and containing every coverage, is surely some day possible.

The market today is varied and flexible, Mr. Porter stated, and there is no reason why a company should not acquire the maximum coverage at a minimum cost.

Mr. Tearney's address was a good deal more informal than was his pred-ecessors', but he did not let his "broth-ers in misery," as he referred to his fellow insurance buyers, go without passing on some good advice.

In too many instances, Mr. Tearney claimed, companies are paying exorbi-tant rates for their insurance. This is not because of any intent to deceive, but, rather, inexperienced insurance company help. One of the insurance buyer's prime concerns is, or should be, the searching out of informed opin-

#### Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Insurance stocks kept on going on last week. Institutional buyers were asking for offerings, some simply asking what issues might be available in quantity. Interest of individual investors also quickened. Star performer was U. S. tity. Interest of individual investors also quickened. Star performer was U. S. Life which went up nearly 10 points from 43 in the week. This action suggested that there might be good news around the corner. Conn. General Life added another 10 points and closed the week at 437 bid. Continental Assurance went up to 193. Continental Casualty hesitated at 90 and then moved on up to 93.

Franklin Life advanced to 93 bid and Great American Life Underwriters, the big holder of Franklin, was at a new high at 800. Life Ins. of Virginia was at

Travelers got up to the magic price of 100. Old Republic Life has been staging an advance with considerable buying interest. It closed the week at 21, which compares with a very recent price of 18½. Another issue that has been quietly advancing is Mass. Indemnity. It reached 45 which compares with 35 not so long ago. It is still selling for only about 10 times 1959 adjusted earnings. Mass. Protective which owns 83% of Paul Revere Life and which pursues a

dynamic investment course also has been edging up and reached 72. Other notably strong issues were Federal Insurance, St. Paul F.&M. and USF&G.

-111-

Shelby Cullom Davis & Co., New York, in scanning 1959 performances, finds that of the predominantly fire insurance stocks Kansas City F.&M. enjoyed the sharpest advance, 42%. This, of course, was stimulated by the Glens Falls takeover. Then came Universal, 30%; Security 28, Reliance 22 and Aetna 21.

Of the predominantly casualty companies Pacific Indemnity had the best score, up 52%; then New Amsterdam 26, Continental Casualty 23, Aetna Casualty 13, 204 U.S.E. 2014.

alty 18 and U.S.F.&G. 14.

In the life stock list Crown Life of Canada stood out with a gain of 42%; then United Services 24; Life Ins. of Virginia 17; Great-West Life 17 and Continental Assurance 16.

Imperial Capital Fund, Inc. added 1,500 shares of Government Employees Ins. to its holdings and now owns 3,500 shares.

A mistake was made in the Dec. 30, 1960, bid price in a recent tabulation in The National Underwriter for National American Life of Baton Rouge, La. The most recent bid price that was published was \$3 per share.

#### Yerkes Is Acting Chief Deputy In Washington

William D. Yerkes has been appointed acting chief deputy commissioner of Washington with supervision of rates and forms. Mr. Yerkes was deputy under Commissioner William Sullivan. His insurance career began in 1939 with United Pacific as manager at Portland. Later he was manager at Salt Lake City and then

Blue Ridge Casualty of Charlotte, N. C., has been acquired by Security changed to Security Fire & Indemnity. company in 1956 and the latter in 1955.

#### Indiana Insurance To Fete Ashley And McClain

Newly appointed Indiana Commissioner Harry E. McClain and the retiring commissioner, James K. Ashley, will be honored with a reception and dinner at the Indianapolis Athletic Club Jan. 31. All segments of the insurance industry in Indiana are cooperating in staging the affair.

manager at Salt Lake City and then headed the northwest department until 1945 when he joined the Washington department.

David O. Terhune, claims manager at San Jose, Cal., of Industrial Indemnity, has been named claims manager of the San Francisco division. He is succeeded at San Jose by Delmar W. Rasmussen, formerly claims super-Life & Trust and the name has been visor at Fresno. The former joined the

Three speakers at Chicago chapter of American Society of Insurance Management's seminar on gen-eral liability for construction risks, with the chapter's president. Gordon Close, of Lord, Bis-sell & Brook; Walter Meckbach, casualty underwriting superintenden t

U.S.F.&G.; Frank A. O'Shaughnessy, Container Corp., local president, and Emmett Porter, vice-president Marsh & McLennan

fidence of his company, Mr. Tearney said. All plans, pending or otherwise, must be passed along to the buyer.

Abreast of all situations, he will, accordingly, be able to make the right decision at the right time.

far more importance is the extent of the coverage.

Mr. Tearney closed by stating that the all-important safety program must not be left up to the contractor. The insurance buyer must know exactly

It is essential to the buyer that he cost. Everyone wants to save money, with this knowledge in mind, plan his receive the complete and abiding con- but admirable as this sentiment is, of own safety program.

Coverage is more important than its what risks are being assumed and,



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#### Should Urge Seat Belts, Insurers Told

Something is cooking at Celina!

Celina Mutual — Multiple line

operations. Competitive rates. Writing

insurance in Colo., D. C., III., Ind., Ky., Md.,

Mich., Ohio, Pa., Va. and West Va.

National Mutual-Writing "Economy Plan In-

surance." Automobile, Fire, Homeowners. The

ideal plan for the price buyer wanting quality

agency company — traditional agency

(CONTINUED FROM PAGE 6) at all, he will be sufficiently alert to release his belt buckle.

One reason advanced for not using seat belts is that they are not necessary in low speed, urban or local driv-Yet the record shows that the majority of fatal accidents occur within 25 miles of the victim's home. Moreover, it is established that in 47% of fatal accidents the travel (not impact3

speed is under 40 miles an hour. The figure for all accidents is 84%

About half of all crash fatalities are drivers, and 40% of them are injured on the steering assembly. A 150 pound driver thrown against a conventional steering wheel at 15 miles an hour may snap off the rim and spike himself on the projecting column. A rim remaining intact would cause lesser injuries. Of all passengers injured in the front right and center seats, 38% are smashed against dash boards and windshields. Front and back seat passengers as well are often ricocheted off other parts of the auto structure and off each other like ping pong balls. Seat belts would ameliorate all of these results of car crashes.

While the general public remains somewhat apathetic toward the use of belts, the attitudes of fleet operators and drivers are changing for the better, according to a recent survey by National Safety Council among members operating motor vehicle fleets. The facts disclosed in the 1960 survey are in sharp contrast to those developed in a similar study in 1957.

#### Fleet Experience

In the latest poll, of 198 fleets answering questionnaires, 103-or 52%said they had some or all of their vehicles equipped with belts. Of the total sample of 66,488 vehicles, 11,155 were equipped. A breakdown shows that 36.4% of passenger cars and 3.2% of trucks have belts.

In 1957, companies that had installed belts complained frequently that drivers would not use them. Today 38.8% of the replies from fleets equipped with safety belts show that the maiority of their drivers always use them. 43.7% of replies indicate that the majority of drivers use them sometimes, and only 12.6% of the answers state that the majority seldom use the belts.

Not only are more fleet drivers using belts when provided, but they often urge installation. In 22.3% of the fleets whose drivers are consistently using the belts, the drivers themselves initiated belt use.

Growing acceptance of belts by fleets is bolstered by a large body of data on the value of this safety device. Consumers Cooperative Assn. of Kansas City has reported seven cases where belts saved employes from serious injury. In four of these cases, the accidents might have been fatal. Consumers operates a fleet of 102 passenger cars, all equipped with belts.

General Petroleum Drilling Co. of Calgary, Alberta, has 26 cars and 75 trucks-all equipped. Before installation, the company lost two drivers in motor transport accidents where it was almost certain that belts would have saved their lives. Since installation, there have been two accidents in which it was proved that belts saved lives.

#### Insurer Opportunity

Acceptance of belts is still slow in fleets whose operation primarily involves low speed, urban driving. Such fleets account for the largest number -35.9%—of those not using belts. They believe they are impractical. The constant buckling and unbuckling becomes an irritant and slows down service. Operators and drivers of these fleets are overlooking the grim statis-

tics of low speed, urban driving.
It has been said that the problem of staying alive in an auto crash boils down to four points:

1. Staying inside the car.

2. Avoiding being beaten to death against car equipment or other occu-

3. Preventing the head from snapping backward and injuring the neck and spine.

4. Maintaining control of the vehicle after a jolt or collision in order to avoid more serious effects.

Insurers have made long and valiant efforts to promote auto safety. By promoting the use of belts they would have a tangible means of projecting their concern for the public welfare with resulting improvement in the public relations image with which in-

surers are so greatly concerned.

While the proponents of discounts for the use of belts may never put their idea across, any success in gaining more general adoption of belts would still confer great benefits on insured as well as insurers. One observer believes the auto seat belt may present the greatest single opportunity for insurers to do a great public service while acting in their own enlightened self interest through conservation of claim funds.

#### Mich. Adjusters Plan Seminar At Flint Feb. 8

Five speakers will be featured at the homeowners and personal liability seminar Feb. 8 at Flint that is sponsored by Michigan Adjusters Assn. Bernard P. McMackin Jr., associate editor of the Fire, Casualty & Surety Bulletins, will talk on homeowners policies-types of liability and their problems; Robert A. Collins, Flint attorney, will talk on pitfalls of negotiations with claimants and attorneys; Elmer P. Simon, general counsel and vice-president Frankenmuth Mutual, will discuss problems of overlapping coverages and the need for cooperation between adjusters and companies; Carl Strong of Michigan State University will discuss the adjusters role in dealing with the public, and H. A. Milliken, Flint attorney, will talk on the wrongful death act.

#### Want Return Commission Rule Out In Seattle

Members of King County (Seattle) Ins. Assn. at their annual meeting voted to delete the return commission by-law which has been in effect for a number of years and provides that a member taking over a line from another member will make the losing agent-broker whole as to return commissions in the event the policies are cancelled. In connection with audit or instalment type policies, the gaining agent-broker takes additional commissions and stands returns on audits due after the take-over date.

Deletion of the by-law is contingent

upon ratification by another vote, since notice of a by-law change must be given at least 30 days in advance of a regular or special meeting. The final vote will be Feb. 13.

#### Plaintiffs, Defendants Split

In 22 decisions in personal injury cases last week in Chicago, juries found for plaintiffs 11 times and awarded \$120,500 in damages out of a demand in all cases totaling \$427,400.

Since the Chicago courts reopened last Sept. 1, there have been 124 decisions for defendants, 107 for plaintiffs and 13 cases have been locked. Total damages awarded are \$1,631,699 against a total demand in all cases of \$7,493,854.

The largest award last week was \$80,000, this going to two pedestrians who were hit by a truck after it had collided with a car, it being contended the truck was going too fast for conditions. An award of \$23,000 was given a nine year old child who was going to a movie and was hit on the head by the letter "F" which fell from the

Statistics as to judgments and summaries of the trials are prepared by Cook County Jury Verdict Reporter

U. S. Fire has been admitted to Belgium where it will operate through American Foreign Insurance Assn.



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#### Find Bank Response To Excess Coverage Is Disappointing

(CONTINUED FROM PAGE 5)
only to use them to protect their responsibility for the dishonest acts of those selected to administrate the operations of a bank."

The ABA has made recommendations for basic coverages, and most banks, like the one in Iowa, seem to have adhered to the suggested coverage for underlying amounts. A number of insurers use 5% of the amount of deposits as a rule-of-thumb guide for the necessary blanket bond protection, and this closely coincides with ABA recommendations. However, this neither the ABA nor any agent or Francisco, and Washington, D.C. The his insurer can constrain banks to procure excess coverage cure excess coverage.

There is also the question in the minds of some bond men as to whether the bank business is something to be sought. Mounting losses, low rates and broadened forms account for this thinking. For the most part, however, the surety industry considers the bank

market to be profitable.

Some bond men, recalling past experience, believe that nothing short of the impact of a Dum Dum bullet will sufficiently jar complacent bank officers into action, and that no amount of publicizing the embezzlement-un-derinsurance syndrome will effect a stampede to obtain adequate coverage. The former method being self-defeating and the latter ineffective, insurers desirous of writing bank business would be justified in doing the banks and their depositors a service by employing any other means short of extortion to get bank officers to recognize the potential peril and protect against

#### Rate Hearings Set For Utica Blue Plans

The New York department will hold a hearing Feb. 2 in Utica YMCA on the application of Utica Blue Cross for an average increase of 27.5% on its three standard contracts, and to establish rates on two proposed limitedcoverage plans. The revisions would be effective April 1. Deputy Superintendent Newell G. Alford will preside.

#### Nelsen & Son Named GAs

Minnesota Mutual Fire & Casualty has appointed Jack Nelsen and his son, Barry, general agents for south eastern Wisconsin. The senior Nelsen has operated a general agency in that territory for 22 years.

#### Smith Rejoins Alliance To Head Denver Office

Clayton G. Smith has been named to head the new western office of



American Mutual Insurance Alliance being set up in Denver to represent member companies in Colorado, New Mexico, Utah, Wyoming, Montana, Texas, Oklahoma, Arkansas, Kansas and Nebraska.

The alliance already has branches

Pacific Coast office, and will confine future activities to the far western states.

Mr. Smith has been senior assistant manager of the automobile division of the National Bureau. From 1955 to 1959 he was an attorney in the Chicago office of the alliance, specializing in auto insurance law and legislation. Previously he had practiced as a claims attorney in Albuquerque and Stevens

#### Hellming Made President Of A. W. Shell & Co.

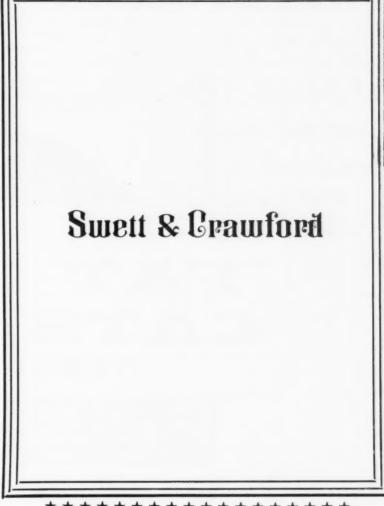
Louis A. Hellming has been named president of A. W. Shell & Co. agency of Cincinnati succeeding West Shell, who has been made chairman. Mr. Hellming joined the agency in 1943 after two years as an underwriter with American. He was successively treasurer, vice-president and executive vice-president. Mr. Hellming was president of Cincinnati Board for three years, and for six years has been on the board's governing committee.

Mr. Shell, grandson of the agency's founder, joined A. W. Shell in 1913 and became president in 1931. He was given the Woodward Memorial award of National Assn. of Insurance Agents

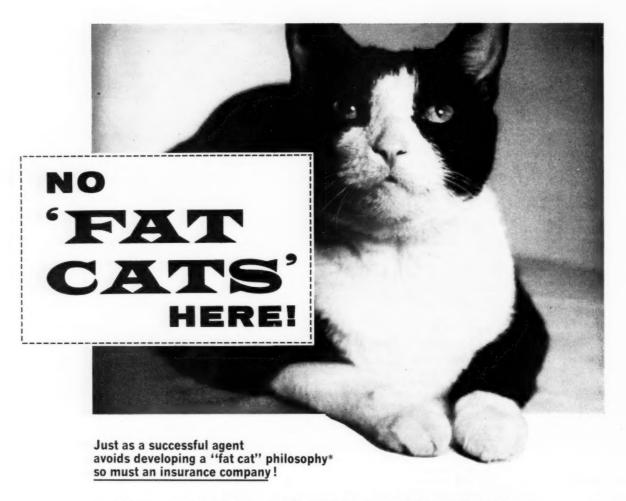
Commissioner Gold of North Carolina will hold a hearing Feb. 17 on the annual crop-hail filing of the state's Fire Insurance Rating Bureau. The filing calls for a rate decrease of 2.6% on tobacco and a 3.06% increase on

The bureau is also seeking increases on various vegetable crops and has filed a new fruit tree form.





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\*A"fat cat" basks in the sunlight of past achievements instead of looking to the future.

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